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SUBCOMMITTEE ON TRADE

OF THE

COMMITTEE ON WAYS AND MEANS
U.S. HOUSE OF REPRESENTATIVES

WRITTEN COMMENTS

ON

ADDITIONAL MISCELLANEOUS TRADE AND TARIFF LEGISLATION

JULY 16, 1998

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CONTENTS

Page

ADVISORY

FROM THE COMMITTEE ON WAYS AND MEANS

SUBCOMMITTEE ON TRADE

FOR IMMEDIATE RELEASE CONTACT: (202) 225–6649
March 26, 1998
No. TR–23

Crane Announces Request for Written Comments on Additional Miscellaneous Trade and Tariff Legislation

Congressman Philip M. Crane (R–IL), Chairman, Subcommittee on Trade of the Committee on Ways and Means, today announced that the Subcommittee is requesting written public comments for the record from all parties interested in miscellaneous trade and tariff proposals.

BACKGROUND:

During the 105th Congress, a number of technical amendments have been proposed to facilitate the implementation of trade legislation passed during the 103rd and 104th Congresses, including the North American Free Trade Agreements Implementation Act (P.L. 103–182), the Uruguay Round Agreements Act (P.L. 103–465), and the Miscellaneous Trade and Technical Corrections Act of 1996 (P.L. 104–295).

On June 30, 1997, Chairman Crane requested written public comments from parties interested in technical corrections to U.S. trade laws, and legislation introduced by Members to provide temporary suspensions of duty for specific products (see TR–10). The requests for comments included all such bills introduced by Members during the 105th Congress.

In response to Chairman Crane's request, the Subcommittee prepared a draft bill, including those provisions which were non-controversial and revenue neutral based on the public comments, Administration review, and estimates by the Congressional Budget Office. The provisions also reflected technical comments by the U.S. International Trade Commission and revisions proposed by the Administration. On October 7, 1997, Chairman Crane introduced H.R. 2622, the "Miscellaneous Trade and Technical Corrections Act of 1997."; The Committee reported H.R. 2622 to the House on October 31, 1997 (H. Rept. 105–367).

Again on December 22, 1997, Chairman Crane requested a second public comment period for bills requesting technical corrections and duty suspensions introduced after July 1, 1997, and before the end of the first session of the 105th Congress (see TR–19). These bills have since received public comment and are awaiting reviews from the Administration and the Congressional Budget Office.

Chairman Crane is now requesting final submission of written comments on additional proposals to amend U.S. trade law and on legislation introduced to provide temporary suspensions of duty or other duty changes for specific products. This request for written comments includes all such bills introduced by Members from January 27, 1998.

The Subcommittee encourages that copies of comments submitted also be sent to the U.S. International Trade Commission, 500 E Street SW, Washington, D.C. 20436, to the attention of Mr. Leo Webb.

PROPOSED MISCELLANEOUS TRADE PROVISIONS, DUTY-SUSPENSION, DUTY-REDUCTION, AND DUTY-FREE ENTRY BILLS:

1. H.R. 3123 would amend subchapter II of chapter 99 of the Harmonized Tariff Schedule (HTS) by inserting a new heading for Niobium oxide (CAS No. 1313–96–8) (provided for in subheading 2825.90.15) as duty free through December 31, 2001.

2. H.R. 3124 would amend subchapter II of chapter 99 of the HTS by inserting a new heading for vanadium pentoxide (anhydride) (CAS No. 1314–62–1) (provided for in subheading 2825.30.10) as duty free through December 31, 2001.

3. H.R. 3190 would amend subchapter II of chapter 99 of the HTS by inserting a new heading for Benzoic acid, 2-[[1-[[(2,3-dihydro-2-oxo-iH-benzimidazol-5-yl) amino] (CAS No. 031837–42–0) (provided for in subheading 3204.17.90) as duty free through December 31, 2002.

4. H.R. 3191 would amend subchapter II of chapter 99 of the HTS by inserting a new heading for 4-[[5-[[[4-(Aminocarbonyl) phenyl] amino] carbonyl]-2-methoxyphenyl] azo]-N-(5-chloro-2,4-dimethoxyphenyl)-3-hydroxynaphthalene-2-carboxamide (CAS No. 059487–23–9) (provided for in subheading 3204.17.60) as duty free through December 31, 2002.

5. H.R. 3192 would amend subchapter II of chapter 99 of the HTS by inserting a new heading for Benzenesulfonic acid, 4-[[3-[[2-hydroxy-3-[[4-methoxyphenyl) amino]carbonyl]-1-naphtha-lenyl]azo]-4-methylbenzoyl]amino]-,calcium salt (2:1) (CAS No. 043035–18–3) (provided for in subheading 3204.17.60) as duty free through December 31, 2002.

6. H.R. 3193 would amend subchapter II of chapter 99 of the HTS by inserting a new heading for N-(2,3-Dihydro-2-oxo-1H-benzimidazol-5-yl)-5-methyl-4-[(methylamino)sulphonyl]phenyl]azo]naphthalene-2-carboxaminde (CAS No. 051920–12–8) (provided for in subheading 3204.17.04) as duty free through December 31, 2002.

7. H.R. 3194 would amend subchapter II of chapter 99 of the HTS by inserting a new heading for N-[4-(aminocarbonyl)phenyl]-4-[[1-[[(2,3-dihydro-2-oxo-1H-benzimidazol-5-yl)amino] carbonyl]-2-oxopropyl]azo] benzamide (CAS No. 074441–05–7) (provided for in subheading 3204.17.60) as duty free through December 31, 2002.

8. H.R. 3195 would amend subchapter II of chapter 99 of the HTS by inserting a new heading for Butanamide, 2,2′-[3,3′-dichloro[1,1′-biphenyl]-4,4′-diyl)bis(azo)]bis[N-(2,3-dihydro-2-oxo-1H-benzimidazol-5-yl)-3-oxo (CAS No. 078245–94–0) (provided for in subheading 3204.17.60) as duty free through December 31, 2002.

9. H.R. 3196 would amend subchapter II of chapter 99 of the HTS by inserting a new heading for Butanamide, N,N′-(3,3′dimethyl[1,1′-biphenyl]-4,4′-diyl)bis[2-[2,4-dichlorophenyl)azo]-3-oxo- (CAS No. 005979–28–2) (provided for in subheading 3204.17.04) as duty free through December 31, 2002.

10.H.R. 3197 would amend subchapter II of chapter 99 of the HTS by inserting a new heading for Benzoic acid, 2-[[3-[[(2,3-dihydro-2-oxo-1H-1H-benzimidazol-5-yl)amino]carbonyl]-2-hydroxy-1-naphthalenyl]azo]-,butyl ester (CAS No. 031778–10–6) (provided for in subheading 3204.17.04) as duty free through December 31, 2002.

11. H.R. 3198 would amend subchapter II of chapter 99 of the HTS by inserting a new heading for Butanamide, N-(2,3-dihydro-2-oxo-1H-benzimidazol-5-yl)-3-oxo-2-

[[2-(triflouro-methyl)phenyl]azo]- (CAS No. 068134–22–5) (provided for in subheading 3204.17.60) as duty free through December 31, 2002.

12. H.R. 3199, would amend subchapter II of chapter 99 of the HTS by inserting a new heading for Benzoic acid, 4-[[(2,5-dichlorophenyl)amino]carbonyl]-2-[[2-hydroxy-3-[[(2-methoxyphenyl)amino]carbonyl]-1-naphthalenyl]-, methyl ester (CAS No. 061847–48–1) (provided for in subheading 3204.17.04) as duty free through December 31, 2002.

13. H.R. 3200 would amend subchapter II of chapter 99 of the HTS by inserting a new heading for 1,4-Benzenedicarboxylic acid, 2-[[1-[[(2,3-di-hydro-2-oxo-1H-benzimidazol-5-yl)amino carbonyl]-2-oxypropyl]azo]-, dimethyl ester (CAS No. 035636–63–6) (provided for in subheading 3204.17.60) as duty free through December 31, 2002.

14. H.R. 3201 would amend subchapter II of chapter 99 of the HTS by inserting a new heading for Butanamide, 2,2′-[1–2,-ethanediylbis (oxy-2,1-phenylene-azo)] bis [N-2(2,3-dihydro-2-oxo-1H-benzimidazol-5-yl)-3-oxo- (CAS No. 077804–81–0) (provided for in subheading 3204.17.60) as duty free through December 31, 2002.

15. H.R. 3202 would amend subchapter II of chapter 99 of the HTS by inserting a new heading for Benzenesulfonic acid, 4-chloro-2-[[5-hydroxy-3-methyl-1-(3-sulfophenyl)-1H-pyrazol-4-yl]azo]-5-methyl-,calcium salt (1:1) (CAS No. 043035–18–3) (provided for in subheading 3204.17.60) as duty free through December 31, 2002.

16. H.R. 3244 would amend subchapter II of chapter 99 of the HTS by inserting a new heading for KN001 (a hydrochloride), 2–4-dichlon-5-hydrozyhydrazine hydrochloride (CAS No. 189–573–21–5) (provided for in subheading 2928.00.2500) as duty free through December 31, 2000.

17. H.R. 3268 would amend subchapter II of chapter 99 of the HTS by inserting a new heading for DEMT, N,n-diethyl-m-toluidine (CAS No. 91–67–8) (provided for in subheading 2921.43.80) as duty free through December 31, 2000.

18. H.R. 3289 would amend subchapter II of chapter 99 of the HTS by inserting a new heading for certain weaving machines (looms) for weaving fabrics of a width exceeding 30 cm, shuttle type: power looms for weaving fabrics of a width not exceeding 4.9 m, if imported without off-loom or large loom take-ups, drop wires, heddles, reeds, harness frames, and beams (provided for in subheading 8446.21.50) as duty free through December 31, 1999.

19. H.R. 3294 would amend Section 304 of the Tariff Act of 1930 (19 U.S.C. 1304) to modify the marking of certain silk products and containters by redesignating subsection (h), (i), (j), and (k) as subsections (i), (j), (k), and (l), respectively and by inserting after subsection (g) the following new subsection: (h) which states that the marking requirements of certain silk products in subsection (a) and (b) shall not apply either to “(1) articles provided for in subheading 6214.10.10 of the HTS as in effect on January 1, 1997, which contain 70 percent or more by weight of silk or silk waste, or (2) goods provided for in heading 5007 of the HTS as in effect on January 1, 1997.” Section 304(j) of such Act, as redesignated by subsecion (a)(1) of this section, is amended by striking “subsection (h)” and inserting “subsection (i).”

20. H.R. 3316 would amend subchapter II of chapter 99 of the HTS by inserting a new heading for IN–W4280, (2,4-dichloro-5-hydroxy-phenylhydrazine) (CAS No. 39807–21–1) (provided for in subheading 2928.00.2500) as duty free through December 31, 2000.

21. H.R. 3323 would amend Chapter 55 of the HTS by inserting a new heading for oxidized polyacrylonitrile fibers (provided for in subheadings 5501.30, 5501.30.10, and 5501.30.20) designating 5501.30.10 as duty free and 5501.30.20 with a tariff rate of 9.2 percent through December 31, 2000.

22. H.R. 3324 would amend subchapter II of chapter 99 of the HTS by inserting a new heading for SE2SI Spray Granulated (HOE S 4291) (provided for in subheading 3907.99.00) as duty free through December 31, 2002.

23. H.R. 3325 would amend subchapter II of chapter 99 of the HTS by inserting a new heading for triethyleneglycol bis(2-ethyl hexanoate) (CAS No. 94–28–0) (provided for in subheading 2915.90.50) as duty free through December 31, 2000.

24. H.R. 3326 would amend subchapter II of chapter 99 of the HTS by inserting a new heading for 2-Ethylhexanoic acid (CAS No.149–57–5) (provided for in subheading 2915.90.18) as duty free through December 31, 2000.

25. H.R. 3327 would amend subchapter II of chapter 99 of the HTS by inserting a new heading for Polyvinyl butyral (CAS No. 63148–65–2) (provided for in subheading 3905.99.80) as duty free through December 31, 2000.

26. H.R. 3328 would amend subchapter II of chapter 99 of the HTS by inserting a new heading for a certain anti-HIV and anti-AIDS drug, (6-Chloro-4-(cyclopropylethynyl)-1,4-Dihydro-4-(trifluro-methyl)-2H-3, 1-benzoxazin-2-one (CAS No. 154598–52–4) (provided for in subheading 2934.90.3000) as duty free through December 31, 2000.

27. H.R. 3350 would direct the Foreign Trade Zones Board to expand Foreign Trade Zone No. 143 to include areas in the vicinity of the Chico Municipal Airport, Chico, California, in accordance with the application submitted by the Sacramento-Yolo Port District of Sacramento, California, to the Board on March 11, 1997.

28. H.R. 3354 would amend subchapter II of chapter 99 of the HTS by inserting a new heading for trifluoromethylaniline (CAS No. 98–16–8) (provided for in subheading 2921.43.24) as duty free through December 31, 2000.

29. H.R. 3355 would amend subchapter II of chapter 99 of the HTS by inserting a new heading for 2-chloro-N-[2,6-dinitro-4-(tri-fluoromethyl) phenyl]-N-ethyl-6-fluorobenzenemethanamine (CAS No. 62924–70–3) (provided for in subheading 2924.29.90) as duty free through December 31, 2000.

30. H.R. 3356 would amend subchapter II of chapter 99 of the HTS by inserting a new heading for streptomycin sulfate (CAS No. 57–92–1) (provided for in subheading 2941.20.50) as duty free through December 31, 2000.

31. H.R. 3357 would amend subchapter II of chapter 99 of the HTS by inserting a new heading for propanoic acid, 2-[4-[(5-chloro-3-fluoro-2-pyridinyl)oxy]-phenoxy]-2-propynyl ester) (CAS No. 105512–06–9) (provided for in subheading 2918.90.20.50) as duty free through December 31, 2000.

32. H.R. 3358 would amend subchapter II of chapter 99 of the HTS by inserting a new heading for 2,4 dichloro 3,5 dinitro benzotrifluoride (CAS No. 29091–09–6) (provided for in subheading 2910.90.20) as duty free through December 31, 2000.

33. H.R. 3359 would amend subchapter II of chapter 99 of the HTS by inserting a new heading for acetic acid, [(5-chloro-8-quinolinyl)oxy]-, 1-methyhexyl ester (CAS No. 99607–70–2) (provided for in subheading 2933.90.82.90) as duty free through December 31, 2000.

34. H.R. 3360 would amend subchapter II of chapter 99 of the HTS by inserting a new heading for acetic acid, [[2-chloro-4-fluoro-5-[(tetrahydro-3-oxo-1H, 3H-[1,3,4] thiadiazolo [3,4-a] pyridazin-1-ylidene)amino]phenyl]thio]-, methyl ester (CAS No. 117337–19–6) (provided for in subheading 2934.90.15) as duty free through December 31, 2000.

35. H.R. 3361 would amend subchapter II of chapter 99 of the HTS by inserting a new heading for orthonitrophenyl, (CAS No. 88–75–5) (provided for in subheading 2908.90.08) as duty free through December 31, 2000.

36. H.R. 3362 would amend subchapter II of chapter 99 of the HTS by inserting a new heading for chloroacetone (CAS No. 78–95–5) (provided for in subheading 2914.11.50) as duty free through December 31, 2000.

37. H.R. 3363 would amend subchapter II of chapter 99 of the HTS by inserting a new heading for calcium oxytetracycline (CAS No. 79–57–2) (provided for in subheading 2921.30.00) as duty free through December 31, 2000.

38. H.R. 3364 would amend subchapter II of chapter 99 of the HTS by inserting a new heading for sodium N-methyl-N oleoyl taurate (CAS No. 137–28–2) (provided for in subheading 2904.10.50) as duty free through December 31, 2000.

39. H.R. 3365 would amend subchapter II of chapter 99 of the HTS by inserting a new heading for dialkylnaphthalene sulfonic acid sodium salt (CAS No. 25638–17–9) (provided for in subheading 2904.10.10) as duty free through December 31, 2000.

40. H.R. 3366 would amend subchapter II of chapter 99 of the HTS by inserting a new heading for O-(6-chloro-3-phenyl-4-pyridazinyl)-S-octyl-carbonothioate (CAS No. 55512–33–9) (provided for in subheading 3808.30.15) as duty free through December 31, 2000.

41. H.R. 3367 would amend subchapter II of chapter 99 of the HTS by inserting a new heading for 4-cyclopropyl-6-methyl-2-phenylamino-pyrimidine (CAS No. 121552–61–2) (provided for in subheading 2933.59.15) as duty free through December 31, 2000.

42. H.R. 3368 would amend subchapter II of chapter 99 of the HTS by inserting a new heading for O,O-Dimethyl-S-[5-methoxy-2-oxo-1,3,4-thiadiazol-3(2H)-yl-methyl]-dithiophosphate (CAS No. 950–37–8) (provided for in subheading 2934.90.90) as duty free through December 31, 2000.

43. H.R. 3369 would amend subchapter II of chapter 99 of the HTS by inserting a new heading for (Ethyl [2-(4-phenoxyphenoxy) ethyl] carbamate (CAS No. 79127–80–3) (provided for in subheading 2924.10.80) as duty free through December 31, 2000.

44. H.R. 3370 would amend subchapter II of chapter 99 of the HTS by inserting a new heading for 1-(4-methoxy-6-methyl-triazin-2-yl)-3-[2-(3,3,3-trifluoropropyl)-phenylsulfonyl]-urea (CAS No. 94125–34–5) (provided for in subheading 2936.00.75) as duty free through December 31, 2000.

45. H.R. 3371 would amend subchapter II of chapter 99 of the HTS by inserting a new heading for 3-[4,6-Bis(difluoromethoxy)-pryimidin-2-yl]-1-(2-methoxycarbonylphenylsulfonyl) urea (CAS No. 86209–51–0) (provided for in subheading 2935.00.75) as duty free through December 31, 2000.

46. H.R. 3372 would amend subchapter II of chapter 99 of the HTS by inserting a new heading for 3-(6-methoxy-4-methyl-1,3,5-triazin-2-yl)-1-[2-(2-chloroethoxy)-phenylsulfonyl]-urea (CAS No. 82097–50–5) (provided for in subheading 3808.30.15) as duty free through December 31, 2000.

47. H.R. 3373 would amend subchapter II of chapter 99 of the HTS by inserting a new heading for [(2S,4R)/(2R,4S)]/[(2R,4R)/(2S,4S)-1-{2-[4-(4-chloro-phenoxy)-2-chlorophenyl]-4-methyl-1,3-diaxolan-2-yl-methyl}-1H-1,2,4-triazole (CAS No. 119446–68–3) (provided for in subheading 2934.90.12) as duty free through December 31, 2000.

48. H.R. 3374 would amend subchapter II of chapter 99 of the HTS by inserting a new heading for plating lines for semiconductors and integrated circuits (provided for in subheading 8543.30.0000) as duty free through December 31, 2001.

49. H.R. 3375 would amend subchapter III of chapter 99 of the HTS by inserting a new heading for synthetic quartz substrates imported into the United States in bulk or in forms or packages for retail sale (provided for in subheading 7006.00.40) with a tariff rate of 1 percent through December 31, 2000.

50. H.R. 3377 would clarify the rules of origin for textile and apparel products from American Samoa under section 334 of the Uruguay Round Agreements Act (19 U.S.C 3592) so that textile and apparel products that are cut in American Samoa from fabric wholly formed in the United States and, under rulings and administrative practices in effect on June 30, 1996, would have originated or been the growth, product, or manufacture of, American Samoa.

51. H.R. 3384 would amend subchapter II of chapter 99 of the HTS by inserting a new heading for (S)- Triphenylmethylglycidol (CAS No. 129940–50–7) (provided for in subheading 2910.90.20) as duty free through December 31, 1999.

52. H.R. 338 would amend subchapter II of chapter 99 of the HTS by inserting a new heading for [R-(R*,R*)]-1,2,3,4-Butanetetrol-1,4-dimethanesulfonate (CAS No. 1947–62–2) (provided for in subheading 2905.49.50) as duty free through December 31, 1999.

53. H.R. 3386 would amend subchapter II of chapter 99 of the HTS by inserting a new heading for (S)-N-[[5-[2-(2-amino-4,6,7,8-tetrahydro-4-oxo-1II-pyrimido[5,4-b][1,4]thiazin-6-yl)ethyl]-2-thienyl]carbonyl]-L-glutamic acid (CAS No. 177575–17–6) (provided for in subheading 2934.90.90) as duty free through December 31, 1999.

54. H.R. 3387 would amend subchapter II of chapter 99 of the HTS by inserting a new heading for 2-amino-6-methyl-5-(4-pyri-dinylthio)-4(1H)-Quinazolinone, dihydrochloride (CAS No. 152946–68–4) (provided for in subheading 2933.59.70) as duty free through December 31, 1999.

55. H.R. 3388 would amend subchapter II of chapter 99 of the HTS by inserting a new heading for 9-[2-[[Bis[(pivaloyloxy)methoxy]phosphinyl]-methoxy]ethyl]adenine (CAS No. 142340–99–6) (provided for in subheading 2933.59.59) as duty free through December 31, 1999.

56. H.R. 3389 would amend subchapter II of chapter 99 of the HTS by inserting a new heading for 9-[(R)-2-(Phosphononmethoxy)-propyl]adenine (CAS No.147127–20–6) (provided for in subheading 2933.59.59) as duty free through December 31, 1999.

57. H.R. 3390 would amend subchapter II of chapter 99 of the HTS by inseting a new heading for (R)-Propylene carbonate (CAS No. 166–6–55–6) (provided for in subheading 2920.90.50) as duty free through December 31, 1999.

58. H.R. 3391 would amend subchapter II of chapter 99 of the HTS by inserting a new heading for 9-(2-Hydroxy-ethyl)adenine (CAS No. 707–99–3) (provided for in subheading 2933.59.95) as duty free through December 31, 1999.

59. H.R. 3392 would amend subchapter II of chapter 99 of the HTS by inserting a new heading for (R)-9-(2-Hydroxypropyl)adenine (CAS No. 14047–28–0) (provided for in subheading 2933.59.95) as duty free through December 31, 1999.

60. H.R. 3393 would amend subchapter II of chapter 99 of the HTS by inserting a new heading for Chloromethyl-2-propyl carbonate (CAS No. 35180–01–9) (provided for in subheading 2920.90.50) as duty free through December 31, 1999.

61. H.R. 3394 would amend subchapter II of chapter 99 of the HTS by inserting a new heading for (R)-Chloropropanediol (CAS No. 57090–45–6) (provided for in subheading 2905.39.90) as duty free through December 31, 1999.

62. H.R. 3395 would amend subchapter II of chapter 99 of the HTS by inserting a new heading for ink-jet textile printing machinery (provided for in subheading 8443.51.10) as duty free through December 31, 1999.

63. H.R. 3407 would provide for the reliquidation of certain entries of self-tapping screws filed at the Port of Philadelphia under subheading 7318.12 of the HTS between August 11, 1993 and August 18, 1994.

64. H.R. 3409 would amend subchapter II of chapter 99 of the HTS by inserting a new heading for 5-tertiary butylisophthalic acid (CAS No. 2359–09–3) (provided for in subheading 2917.39.70) and any mixtures containing the same, as duty free through December 31, 2001.

65. H.R. 3414 would amend subchapter II of chapter 99 of the HTS by inserting a new heading for KL540, Methyl-4-trifluoromethoxyphenyl-N-(chlorocarbonyl) carbamate (CAS No. 173903–15–6) (provided for in subheading 2924.29.70) as duty free through December 31, 2000.

66. H.R. 3415 would amend subchapter II of chapter 99 of the HTS by inserting a new heading for methyl thioglycolate (CAS No. 2365–48–2) (provided for in subheading 2930.90.90) as duty free through December 31, 2000.

67. H.R. 3416 would amend subchapter II of chapter 99 of the HTS by inserting a new heading for tebufenozide, benzoic acid, 3,5-dimethyl-,1-(1,1-dimethylethyl)-2-(-4-ethylbenzoylhydrazide (CAS No. 112410–23–8) (provided for in subheading 2928.00.25) as duty free through December 31, 2000.

68. H.R. 3417 would amend subchapter II of chapter 99 of the HTS by inserting a new heading for organic luminescent pigments, dyes, and fibers for security applications (provided for in subheading 3204.90.00) as duty free through December 31, 2001, and for 4-Hexylresorcinol (CAS No. 136–77–6) (provided for in subheading 2907.29.90) as duty free through December 31, 2001.

69. H.R. 3418 would amend subchapter II of chapter 99 of the HTS by inserting new headings for polymethine photosensitizing dyes (provided for in subheadings 2934.90.90 and 2933.19.90), potassium hexafluorozirconate (CAS No. 16923–95–8) (provided for in subheading 2826.90.00), and hexafluorozirconium acid (CAS No. 12021–95–3) (provided for in subheading 2811.19.60) as duty free through December 31, 2001.

70. H.R. 3419 would provide for the reliquidation of certain entries of mueslix cereals after July 31, 1994, and before January 1, 1996, which was classified under the special column rate applicable for Canada in subheading 2008.92.10 of the HTS and for certain entries of mueslix cereal after December 31, 1995, and before January 1, 1998, which was classified under the special column rate applicable for Canada in subheading 1904.20.10 of the HTS.

71. H.R. 3421 would amend section 313(p)(3)(A)(i)(I) of the Tariff Act of 1930 (19 U.S.C. 1313(p)(3)(A)(i)(I)) to allow duty drawback for Methyl Tertiary-butyl Ether ("MTBE"), a finished petroleum derivative, by striking "and 2902" and inserting "2902 and 2909.19.14."

72. H.R. 3422 would provide for the drawback of finished petroleum derivatives by amending Section 313(p)(1) of the Tariff Act of 1930 (19 U.S.C. 1313(p)(1)) to allow for substitution of both the qualified article and the exported article of the same kind and quality, matching imports and exports through the commercial chain of events. It would also allow for process by which firms may certify to the Commissioner of Customs that they have not and will not issues a certificate for quantities greater than the amount eligible for drawback and will maintain appropriate records to demonstrate that fact. The effective date shall take effect as if included in the amendment made by section 632(a)(6) of the North American Free Trade Agreement Implementation Act. For purpose of section 632(b) of that Act, the three-year requirement set forth in section 313(r) of the Tariff Act of 1930 shall not apply to any drawback claim filed within six months after the date of the enactment of this Act for which that three-year period would have expired.

73. H.R. 3423 would provide for the drawback of finished petroleum derivatives by amending Section 313(p)(1) of the Tariff Act of 1930 (19 U.S.C. 1313(p)(1)) to allow for substitution of both the qualified article and the exported article of the same kind and quality, matching imports and exports through the commercial chain of events. It would also allow for process by which firms may certify to the Commissioner of Customs that they have not and will not issues a certificate for quantities greater than the amount eligible for drawback and will maintain appropriate records to demonstrate that fact. The amendments made by this section shall apply to drawback claims filed on or after the date of the enactment of this Act.

74. H.R. 3424 would provide for reductions in duty for Rimsulfuron Technical N-[(4,6-dimethoxypyrimidin-2-yl) aminocarbonyl] -3-(ethylsulfonyl)-2-pyridine-sulfonamide (CAS No. 122931–48–0) (provided for in subheading 2933.59.10) to 8.0 percent for goods entered, or withdrawn from warehouse for consumption, during the period beginning on the 15th day after the date of the enactment of this Act and ending on December 31, 1998; and 7.3 percent for goods entered, or withdrawn for consumption, during calendar year 1999; and free for goods entered or withdrawn from warehouse for consumption, during calendar year 2000.

75. H.R. 3425 would provide for reductions in duty for carbamic acid (U–9069), [3-((dimenthylamino)carbonyl)-2-pyridinyl sulfonyl]-,pheynl ester (CAS No. 112006–94–7) (provided for in subheading 2935.00.75) to 9.0 percent for goods entered, or withdrawn from warehouse for consumption, during the period beginning on the 15th day after the date of the enactment of this Act and ending December 31, 1998; and 8.3 percent for goods entered, or withdrawn from warehouse for consumption, during calendar year 1999; and 7.6 percent for goods entered, or withdrawn from warehouse for consumption, during calendar year 2000.

76. H.R. 3426 would provide for reductions in duty for DPX–E9260, 3-(ethylsulfonyl)-2-pyridinesulfonamide (CAS No. 117671–01–9) (provided for in subheading 2935.00.75) to 6.0 percent for goods entered, or withdrawn from warehouse for consumption, during calendar year 1999; and 5.3 percent for goods entered, or withdrawn from warehouse for consumption, during calendar year 2000.

77. H.R. 3427 would amend subchapter II of chapter 99 of the HTS by inserting a new heading for DPX-E6758, (4,6-dimethoxypyrimidin-2-yl) carbamic acid, phenyl ester (CAS No. 89392–03–0) (provided for in subheading 2933.59.70) as duty free through December 31, 2000.

78. H.R. 3428 would amend subchapter II of chapter 99 of the HTS by inserting a new heading for 9-[2-(R)-[[Bis[[isopropoxycarbonyl)oxy[methoxy]-phosphinoyl]methoxy]propyl]adenine fumarate (1:1) (provided for in subheading 2933.59.59) as duty free through December 31, 1999.

79. H.R. 3429 would amend subchapter II of chapter 99 of the HTS by inserting a new heading for Diethyl p-toluene sulfonyloxymenthylphosphonate (CAS No. 31618–90–3) (provided for in subheading 2933.59.80) as duty free through December 31, 1999.

80. H.R. 3430 would amend subchapter II of chapter 99 of the HTS by inserting a new heading for Polythylene base materials that are under 250 mm in width, sanded on one side and surface-treated for use in the manufacture of skis (provided for in subheading 3920.10.00) as duty free through December 31, 2000.

81. H.R. 3431 would amend subchapter II of chapter 99 of the HTS by inserting a new heading for Benzenepropanal 4-(1,1-Dimethylethyl)-Methyl- (CAS No. 80–54–6) (provided for in subheading 2912.29.60.00) with a tariff rate of 6 percent through December 31, 2000.

82. H.R. 3432 would provide that five-year reviews of countervailing duty or antidumping duty orders would not be conducted in certain cases in which the merchandise subject to the orders was prohibited from being imported into the United States because of trade sanctions imposed against the country in which the merchandise originates, by amending section 751(c) of the Tariff Act of 1930 (19 U.S.C. 1751(c)).

83. H.R. 3446 would provide for the elimination of the duty on Ziram by amending subheading 3808.20.24 of the HTS by striking "and Metiram" and inserting "Metiram; and Ziram".

84. H.R. 3452 would amend section 555(b) of the Tariff Act of 1930 by redesignating paragraph 8 as paragraph 9 and insert after paragraph 7 "(8)(A) Gasoline, alternative fuels (in an amount not to exceed 120 liters per vehicle), and motor oil (in an amount not to exceed 6 liters per vehicle), may be sold at a duty-free sales enterprise without prior approval by the Customs Service. (B) The Customs Service may not prohibit the sale of such merchandise unless the Secretary of the Treasury determines that (i) there is a pattern of re-importation of the merchandise without declaration; and (ii) other means of preventing the re-importation of the merchandise without declaration are not available."

85. H.R. 3465 would provide for an exemption from Executive Order 13067 on November 3, 1997, with respect to imports of articles described in HTS headings 1301.20.00 and 1301.90.90 (other than balsams, tragacanth, and karaya).

86. H.R. 3477 would amend subchapter II of chapter 99 of the HTS by inserting a new heading for Chloromethyl Pivalate (CAS No. 18997–19–8) (provided for in subheading 2915.90.50) as duty free through December 31, 1999.

87. H.R. 3480 would amend subchapter II of chapter 99 of the HTS by inserting a new heading for Ethylene/tetrafluoroethylene copolymer (ETFE) (provided for in subheading 3904.69.5000) with a reduced tariff rate of 3.3 percent through December 31, 2000.

88. H.R. 3483 would provide for the liquidation or reliquidation of certain entries made at Los Angeles, California, and New Orleans, Louisiana, which are listed in subsection (c), in accordance with the final decision of the International Trade Administration of the Department of Commerce for shipments entered between October 1, 1984, and December 14, 1987 (case number A–274–001).

89. H.R. 3486 would amend subchapter II of chapter 99 of the HTS by inserting a new heading for Phosphonic acid, [[(phosphonomethyl) imino]bis[2,1-ethanediylnitrilobis (methylene)]tetrakis- (CAS No. 15827–60–8) (provided for in subheading 2931.00.9030) as duty free through December 31, 2000.

90. H.R. 3487 would amend subchapter II of chapter 99 of the HTS by inserting a new heading for Phosphonic acid, [[(phosphonomethyl) imino]bis[2,1-ethanediylnitrilobis (methylene)]]tetrakis- (CAS No. 22042–96–2) (provided for in subheading 2931.00.9030) as duty free through December 31, 2000.

91. H.R. 3488 would amend subchapter II of chapter 99 of the HTS by inserting a new heading for Phosphonic acid, [1,6-hexanediylbis[nitrilobis(methylene)] tetrakis-potassium salt (CAS No. 38820–59–6) (provided for in subheading 2931.00.9030) as duty free through December 31, 2000.

92. H.R. 3489 would amend subchapter II of chapter 99 of the HTS by inserting a new heading for Phosphonic acid, (1-hydroxyethylidene)bis- (CAS No. 2809–21–4) (provided for in subheading 2931.00.9030) as duty free through December 31, 2000.

93. H.R. 3490 would amend subchapter II of chapter 99 of the HTS by inserting a new heading for Phosphonic acid, [nitrolotris(methylene)]tris-, pentasodium salt (CAS No. 2235–43–0) (provided for in subheading 2931.00.9030) as duty free through December 31, 2000.

94. H.R. 3491 would amend subchapter II of chapter 99 of the HTS by inserting a new heading for Phosphoric acid, [nitrilostris (methylene)]tris- (CAS Nos. 6419–19–8; 10294–56–1; 7732–18–5) (provided for in subheading 2931.00.9030) as duty free through December 31, 2000.

95. H.R. 3492 would amend subchapter II of chapter 99 of the HTS by inserting a new heading for Phosphonic acid, (1-hydroxyethylidene)bis,-tetrasodium salt (CAS No. 2794–83–0) (provided for in subheading 2931.00.9030) as duty free through December 31, 2000.

96. H.R. 3501 would amend subheading 2917.36.00 of the HTS by striking "1.8¢/kg + 8.9 percent (MX)" in the special rates of duty subcolumn and inserting "MX" in the parenthetical after "J".

97. H.R. 3507 would amend subchapter II of chapter 99 of the HTS by inserting a new heading for certain electrical transformers having a power handling capacity less than 1 kVA for use in the manufacture of audio systems (provided for in subheading 8504.31.40) as duty free through December 31, 2001.

98. H.R. 3508 would amend subchapter II of chapter 99 of the HTS by inserting a new heading for loudspeakers not mounted in their enclosures (provided for in subheading 8518.29.80) as duty free through December 31, 2001.

99. H.R. 3509 would amend subchapter II of chapter 99 of the HTS by inserting a new heading for parts used in the manufacture of loudspeakers (provided for in subheading 8518.90.80) as duty free through December 31, 2001.

DETAILS FOR SUBMISSIONS OF REQUESTS TO BE HEARD:

Any person or organization wishing to submit a written statement for the printed record should submit at least six (6) single-space legal-size copies of their statement, along with an IBM compatible 3.5-inch diskette in ASCII DOS Text or WordPerfect

5.1 format only, with their name, address, and hearing date noted on a label, by the close of business, Monday, May 4, 1998, to A.L. Singleton, Chief of Staff, Committee on Ways and Means, U.S. House of Representatives, 1102 Longworth House Office Building, Washington, D.C. 20515.

FORMATTING REQUIREMENTS:

Each statement presented for printing to the Committee by a witness, any written statement or exhibit submitted for the printed record or any written comments in response to a request for written comments must conform to the guidelines listed below. Any statement or exhibit not in compliance with these guidelines will not be printed, but will be maintained in the Committee files for review and use by the Committee.

1. All statements and any accompanying exhibits for printing must be typed in single space on legal-size paper and may not exceed a total of 10 pages including attachments. At the same time written statements are submitted to the Committee, witnesses are now requested to submit their statements on an IBM compatible 3.5-inch diskette in ASCII DOS or WordPerfect 5.1 format. Witnesses are advised that the Committee will rely on electronic submissions for printing the official hearing record.

2. Copies of whole documents submitted as exhibit material will not be accepted for printing. Instead, exhibit material should be referenced and quoted or paraphrased. All exhibit material not meeting these specifications will be maintained in the Committee files for review and use by the Committee.

3. A witness appearing at a public hearing, or submitting a statement for the record of a public hearing, or submitting written comments in response to a published request for comments by the Committee, must include on his statement or submission a list of all clients, persons, or organizations on whose behalf the witness appears.

4. A supplemental sheet must accompany each statement listing the name, full address, a telephone number where the witness or the designated representative may be reached and a topical outline or summary of the comments and recommendations in the full statement. This supplemental sheet will not be included in the printed record.

The above restrictions and limitations apply only to material being submitted for printing. Statements and exhibits or supplementary material submitted solely for distribution to the Members, the press and the public during the course of a public hearing may be submitted in other forms.

Note: All Committee advisories and news releases are available on the World Wide Web at 'HTTP://WWW.HOUSE.GOV/WAYS__MEANS/'.

H.R. 3123

To suspend the duty on Niobium oxide until January 1, 2002.

No comments submitted.

H.R. 3124

To suspend the duty on vanadium pentoxide (anhydride) until January 1, 2002.

BEAR METALLURGICAL COMPANY
BUTLER, PA 16002–9127
May 1, 1998

A.L. Singleton
Chief of Staff
Committee on Ways and Means
U.S. House of Representatives
1102 Longworth House Office Building
Washington, D.C. 20515

Dear Mr. Singleton:

As President of Bear Metallurgical, I write to you to express our opposition to H.R. 3124, a bill which would temporarily suspend the duty on vanadium pentoxide (anhydride) (HTS # 2825.30.0010).

Bear Metallurgical is located in Butler, Pennsylvania, roughly 35 miles from Pittsburgh. We currently provide good, high-wage paying jobs to 45 individuals. Bear Metallurgical is a producer of ferrovanadium, which serves the domestic steel industry. As a producer of ferrovanadium, vanadium pentoxide is a critical raw material used in our production process.

Bear opposes H.R. 3124 for four reasons: (1) increased imports will result which will have a harmful impact on Bear Metallurgical and the U.S. vanadium industry; (2) a slowdown in U.S. production could prove harmful to the U.S. environment; (3) duty free access for all countries will harm countries currently in the GSP program; and (4) given the current rapid growth in imports, this legislation is clearly not necessary.

(1) HARM TO BEAR METALLURGICAL AND THE DOMESTIC U.S. INDUSTRY

As mentioned, Bear Metallurgical employs 45 people in Butler, Pennsylvania. Bear's economic health and viability and the jobs of our employees are directly tied to the vanadium pentoxide industry. Bear simply cannot effectively compete with increased imports from countries with little or no environmental, safety, and health regulations. As you know, vanadium is vital to many other domestic industries such as steel and for defense/aerospace applications. It is imperative that the U.S. maintains a strong and healthy vanadium industry. To that end, it is imperative that the U.S. Congress not grant duty free treatment for imports of vanadium pentoxide.

(2) POTENTIAL HARM TO THE ENVIRONMENT

A majority of the vanadium pentoxide produced in the United States is the result of a recycling process. Changed market conditions which slow down domestic production will ultimately have the unintended effect of causing increased landfilling of wastes containing vanadium and other metals. Given the importance of recycling and the environment, it would be counter productive to create a situation which would reduce recycling activities in this industry.

(3) HARM TO CURRENT GSP COUNTRIES

The GSP program was created as a means to "promote the development of developing countries, which often need temporary preferential advantages to compete effectively with industrialized countries."[1] Two countries, Russia and South Africa, have taken advantage of this preferential advantage in the last several years. To now offer duty free status to every country would necessarily undermine their efforts, cause damage to the purpose of the GSP program, and most likely prevent other GSP nations (who would no longer have preferential treatment) from entering into the market.

(4) DUTY SUSPENSION NOT NECESSARY

From 1992 until 1997, imports of vanadium pentoxide grew from 110,523 kilograms to 1,206,578 kilograms—nearly an 11-fold increase. Given this rapid growth, there clearly is no current significant barrier to the importation of vanadium pentoxide. Unlike other articles, this is obviously not a situation where an importer does not have access to a foreign supply. In addition, since vanadium pentoxide is an eligible article in the Generalized System of Preferences, duty free access is already available.

If you should have any further questions concerning these comments, please feel free to contact me at 724–283–6800 ext. 101.

Thank you for your attention to our concerns.

Very truly yours,

KEVIN H. JONES
President

Comments of The Ferroalloys Association, in Opposition to Temporary Duty Suspension of Vanadium Pentoxide in H.R. 3124

On behalf of The Ferroalloys Association (TFA) and its members, we write in opposition to H.R. 3124, a bill designed to grant duty free treatment to imports of vanadium pentoxide (anhydride) through January 1, 2002.

The Ferroalloys Association is an industry advocacy group made up of the producers of vanadium, chromium, manganese, silicon ferroalloys and related basic alloys/metals in the United States. Founded in 1971, TFA represents over 20 companies with facilities in 25 different states.

Approximately 100 years ago, the U.S. ferroalloy industry emerged with the introduction of the electric arc furnace and rapidly expanded to meet the United States' domestic needs for projectiles and armor plates during the Spanish-American War. Today, the U.S. ferroalloy industry continues to make products vital to U.S. national security and economic interests, such as steel, iron, and aluminum, available to the American economy, due to ferroalloys such as: vanadium, ferrochrome, manganese metal, and silicon metal, as well as specialty inoculants and graphitizers.

However, in the 1970s and 1980s, the domestic ferroalloy industry sharply declined, largely due to foreign import penetration and rising environmental standards. From 1970 to 1990, the annual domestic production of alloys decreased from 2,340,000 to 645,000 net tons per year, while imports increased from 350,000 to 1,490,000 net tons per year. Foreign competitors flooded the U.S. market at significantly lower costs, resulting from foreign government subsidization of electricity costs, capital investments, transportation, and taxes. As a result, U.S. producers faced high operating costs and declining prices, which forced them to reluctantly lay off workers and shut down plants at an alarming rate. These closings resulted in plants abandoning vital research and development programs, in order to remain in business. Simultaneously, the U.S. government imposed strict environmental standards on metals producers, forcing companies to direct large amounts of capital to environmental control equipment.

Despite such gloomy statistics, the American ferroalloy industry is emerging from previous years smaller and leaner, and, through cooperation with the government, can become more prepared to compete in the global economy.

The Ferroalloys Association has several concerns with the proposed legislation. Our primary argument against H.R. 3124 is that the legislation is simply needless at this time. As you can see from the attached Appendix 1, imports of vanadium pentoxide have increased dramatically over the last five years. Any product which sees a 992% increase in imports in five years obviously has relatively few barriers to trade. From these numbers, as well as the domestic output, it is clear that domes-

[1] Section 501(b) Generalized System of Preferences Renewal Act of 1984, P.L. 98–573(1984).

tic importers have access to an adequate supply of vanadium pentoxide—both foreign and domestic.

In addition, this legislation, if approved, could have a severe impact on other countries that the U.S. is attempting to support through the Generalized System of Preferences (GSP). In particular, South Africa and Russia have exported vanadium pentoxide to the U.S. in the past few years. The GSP program, as the Committee on Ways and Means is aware, was initially developed in order to assist developing nations through preferential tariff treatment. The GSP program attempts to move the U.S. in a direction of mutual trade with these economically disadvantaged countries rather than the typical U.S. program of continued foreign aid. To suddenly offer duty free treatment to every country not only hurts those countries which have made investments in infrastructure to develop this industry, but also effectively takes away any incentive for other developing countries to enter the market in the future.

Finally, TFA is concerned about the overall effect this legislation would have on the domestic vanadium industry and the ferroalloy industry as a whole. Ferroalloy jobs are good, high-paying jobs. If vanadium pentoxide is afforded duty free treatment from all countries we expect that the increase in imports would skyrocket! These increased imports will come at the expense of U.S. producers who must deal with environmental, health, and safety regulations to which many foreign entities are not subject. Many of our members' employees have been with them for several years. To put these companies', as well as their workers', economic well-being at risk for what looks like proposal without any substantial merit, seems to be a rather senseless exercise. In addition to those workers and companies who would be immediately affected, maintaining a domestic vanadium industry is vital for other sectors of the U.S. economy, as well as for the national security of this country. As you are aware, vanadium is a prime component of steel, and in addition, the number two user of vanadium is the aerospace industry.

On behalf of all of the members of The Ferroalloys Association, we believe that the Committee on Ways and Means will realize, based on these comments, that temporarily suspending the duty on vanadium pentoxide is a proposal without merit which will cause substantial harm in the U.S. and to developing nations. TFA strongly urges opposition to H.R. 3124. In addition, TFA would like to express its desire to remain involved in the debate over this issue. Should the Committee on Ways and Means need anyone from our industry to testify on the harmful impact of H.R. 3124 we stand ready to assist in coordinating that testimony.

In closing, on behalf of the industry, TFA would like to thank the Committee on Ways and Means for taking the time to consider the impact legislation such as this will have on domestic interests. We are confident our concerns will be given full consideration.

APPENDIX 1

IMPORTS OF VANADIUM PENTOXIDE – HTS 2825.30.0010 (in kilograms)

COUNTRY	1993	1994	1995	1996	1997
CANADA	1840	242	--	--	--
CHINA	--	--	185,200	51,040	--
FRANCE	--	4,328	12,225	1,458	--
GERMANY	683	1,089	907	816	816
HONG KONG	--	--	--	2,333	--
RUSSIA *GSP Status	--	94,493	--	--	--
SOUTH AFRICA *GSP Status	108,000	335,235	784,630	800,474	1,205,762
UNITED KINGDOM	--	1,437	--	1	--
TOTAL	**110,523**	**436,824**	**982,962**	**856,122**	**1,206,578**

***From 1993-1997, there was a 992% increase in the imports of vanadium pentoxide.**

LAW OFFICES OF DEKIEFFER & HORGAN
WASHINGTON, D.C. 20005
April 28, 1998.

Mr. Bradley Schreiber
Chief of Staff
Ways and Means Committee
U.S. Congress
1102 Longworth Building
Washington, DC 20436

Re: Subcommittee on Trade Press Release; Comments in opposition to the proposed Bill H.R. 3124.

Dear Mr. Schreiber:

These comments are filed on behalf of U.S. Vanadium Corporation ("USV"), as instructed and in response to the International Trade Commission's April 13, 1998 letter to USV. USV is a Delaware corporation headquartered in Danbury, Connecticut. USV is a subsidiary of Strategic Minerals Corporation (Stratcor), also headquartered in Danbury CT. Stratcor and its related companies mine, process, source and sell a variety of metal and mineral products, including vanadium pentoxide, at several facilities in the United States (Connecticut, Pennsylvania, Arkansas, and New York) and other parts of the world, including its facilities located in the Republic of South Africa. Stratcor employs over 150 persons throughout the U.S. in manufacturing, sales and distribution, and research and development facilities.

Bill H.R. 3124 ("HR 3124") has been introduced to suspend the duty on imports of vanadium pentoxide (anhydride) until January 1, 2002. USV's U.S. production would be adversely affected by the proposed suspension of duties on imports of vanadium pentoxide. Therefore, USV submits these comments in opposition of the proposed bill HR 3124.

USV has also learned that the Ferroalloys Association, of which USV is a member, will submit opposing comments regarding HR 3124. In addition, another U.S. producer of vanadium products, Bear Metallurgical Company, will also oppose the passage of HR 3124.

As argued hereinafter, USV strongly opposes HR 3124 because currently (A) almost 99% of all U.S. imports of vanadium pentoxide already enter tariff-free under the Generalized System of Preferences (GSP) program; (B) suspending the general duty on vanadium pentoxide would dilute the intended benefits of the GSP program; (C) suspending the general duty may allow GSP-eligible countries to unfairly circumvent competitive need limits; and (D) suspending the general duty would hurt the domestic vanadium industry.

(A) *Almost 99% of all U.S. imports of vanadium pentoxide already enter tariff-free under the GSP program.*

Vanadium pentoxide is currently classified under subheading 2825.30.10 of the Harmonized Tariff System of the United States (HTSUS). According to data prepared by the Department of Commerce's Bureau of the Census, imports of vanadium pentoxide for 1997 amounted up to 1,236,178 kilograms (kg) (out of which 1,206,578 kg were for consumption) with a Customs value of $9,515,120 ($9,306,542 for consumption).

Out of those import figures for 1997, according to the same source, 98.9% entered from the Republic of South Africa (1,222,762 kg—1,205,762 kg for consumption), representing 98.8% of the Customs value ($9,409,571—$9,284,633 for consumption). It should be noted that the Republic of South Africa is included in the GSP program. Therefore, almost 99% of the total vanadium pentoxide imports into the United States for 1997 entered tariff-free under the GSP program.

The GSP program already provides the intended duty-suspension effect of HR 3124 for imports from South Africa. The GSP program has a well established mechanism of checks and balances that makes HR 3124 unnecessary. Thus, at the time of its conception, HR 3124 is moot.

(B) *Suspension of the general duty on vanadium pentoxide would dilute the intended benefits of the GSP program.*

The GSP program is intended to promote investment in developing countries. At the same time, the GSP furthers U.S. economic interests. This bifold approach has been modified and adjusted over the years to find a delicate balance.

If HR 3124 is passed, its effects would necessarily disrupt GSP's finely-tuned mechanism. Ever since its institution in 1976, the GSP has established a clear set of rules and procedures to grant its benefits.

The GSP Subcommittee of the United States Trade Representative Office (USTR) reviews various factors while considering removing a country or a particular product from GSP benefits. Those factors are:

(1) the country's general level of development; (2) its competitiveness in the particular product; (3) the country's practices relating to trade, investment and worker rights; (4) and the overall economic interests of the United States, including the effect continued GSP treatment would have on relevant U.S. producers, workers and consumers.[1]

These factors considered by the GSP Subcommittee embrace a broader spectrum than mere numbers and economical figures. For a country or a product to qualify as GSP-eligible in the U.S., a significant threshold must be cleared. Correspondingly, the benefits for such country or product are considerable.

If HR 3124 is passed, its effects would dilute and in all practical terms, deny GSP's intended benefits. This would translate into offsetting the efforts and considerations of the USTR's GSP Subcommittee.

(C) *Suspending the general duty may allow GSP-eligible countries to unfairly circumvent competitive need limits.*

Competitive need limits provide a "ceiling"[2] on GSP benefits. In fact, competitive need limits represent one of the most important measures to prevent a possible abuse of GSP benefits.

Competitive-need limits may be waived under some circumstances. Again, as with every other aspect of the GSP program, the waivers to GSP competitive-need limits are carefully determined under the law. 19 U.S.C. § 2463(c)(2). The vanadium pentoxide imports from South Africa presently qualify for a *de minimis* waiver of the competitive need limits. However, those imports are approaching the level where they may no longer be eligible for a *de minimis* waiver.

HR 3124 would allow GSP-eligible countries to circumvent competitive-need limits without making a well-founded argument for a competitive-need limit waiver. If HR 3124 is passed, any GSP-eligible country could inundate the U.S. market without having to worry about complying with statutory GSP ceilings. HR 3124 would represent an automatic and clearly unfair blanket-waiver.

(D) *Suspending the general duty would hurt the domestic vanadium industry.*

According to USV's data, the volume of vanadium pentoxide imports to the U.S. market has grown from 110,523 kg in 1993, to 1,206,578 kg in 1997. This represents a ten-fold increase in 4 years. We should remember that almost 99% of vanadium pentoxide imports already enter the U.S. duty-free. Thus, the U.S. vanadium pentoxide industry is already forced to compete with duty-free imports.

Consequently, suspending the general duty on vanadium pentoxide could injure the U.S. industry by removing the competitive need limits on GSP benefits, and by allowing duty-free imports from non-GSP countries. Finally, the tariff elimination and consequent injury to the U.S. industry would deprive the U.S. treasury of revenue.

(E) *Conclusion.*

For the foregoing reasons, USV respectfully requests that the U.S. Congress does not pass HR 3124.

Respectfully submitted,

J. KEVIN HORGAN

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[1] A Guide to the U.S. Generalized System of Preferences, Office of the United States Trade Representative, Executive Office of the President, at vi (1991).

[2] Id. at iv.

H.R. 3190

To suspend until December 31, 2002, the duty on Benzoic acid, 2-[[1-[[(2,3-dihydro-2-oxo-1H-benzimidazol-5-yl) amino].

CLARIANT CORPORATION
COVENTRY, RI 02816
April 29, 1998

Mr. A.L. Singleton
Committee on Ways and Means
U. S. House of Representatives
1102 Longworth House Office Building
Washington, DC 20515

RE: Request for Comments on Additional Miscellaneous Trade and Tariff Legislation (Advisory No. TR–23)

Dear Mr. Singleton:

On behalf of the Clariant Corporation, I am submitting comments in support of thirteen duty suspension bills listed in your March 26, 1998 Advisory No. TR–23. Clariant Corporation is headquartered in Charlotte, NC and is one of the largest specialty chemical companies in the world. Its Coventry, Rhode Island pigments and dyes facility will benefit from this legislation.

Clariant strongly supports the passage by the House of Representatives this year of the following bills introduced by Representative Robert A. Weygand to suspend the duties on a number of pigments covered under Chapter 32 of the Harmonized Tariff Schedules of the United States:

H.R. 3190—A bill to suspend until December 31, 2002, the duty on Benzoic acid, 2-[[1-[[(2,3-dihydro-2-oxo-1H-benzimidazol-5-yl)amino]carbonyl]-2-oxopropyl]azo]-
CAS 31837–42–0

H.R. 3191—A bill to suspend until December 31, 2002, the duty on 2-Naphthalenecarboxamide, 4-[[5-[[[4-(aminocarbonyl)phenyl]amino]carbonyl]-2-methoxyphenyl]azo]-N-(5-chloro-2,4-dimethoxyphenyl)-3-hydroxy-
CAS 59487–23–9

H.R. 3192—A bill to suspend until December 31, 2002, the duty on Benzenesulfonic acid, 4-[[3-[[2-hydroxy-3-[[(4-methoxyphenyl) amino]carbonyl]-1-naphthalenyl]azo]-4-methylbenzoyl]amino]-, calcium salt (2:1)
CAS 43035–18–3

HR 3193—A bill to suspend until December 31, 2002, the duty on 2-Naphthalenecarboxamide, N-(2,3-dihydro-2-oxo-1H-benzimidazol-5-yl)-3-hydroxy-4-[[2-methoxy-5-methyl-4-[(methylamino)sulphonyl]phenyl]azo]-
CAS 51920–12–8

H.R. 3194—A bill to suspend until December 31, 2002, the duty on Benzamide, N-[4-(aminocarbonyl)phenyl]-4-[[1-[[(2,3-dihydro-2-oxo-1H-benzimidazol-5-yl)amino]carbonyl]-2-oxopropyl]azo]-
CAS 74441–05–7

H.R. 3195—A bill to suspend until December 31, 2002, the duty on Butanamide,2,2′-[(3,3′-dichloro[1,1′-biphenyl]-4,4′-diyl)bis(azo)]bis[N-(2,3-dihydro-2-oxo-1H-benzimidazol-5-yl)-3-oxo]-
CAS 78245–94–0

H.R. 3196—A bill to suspend until December 31, 2002, the duty on Butanamide, N,N′-(3,3′-dimethyl[1,1′-byphenyl]-4,4′-diyl)bis[2-[(2,4-dichlorophenyl)azo]-3-oxo]-
CAS 5979–28–2

HR 3197—A bill to suspend until December 31, 2002, the duty on Benzoic acid, 2-[[3-[[(2,3-dihydro-2-oxo-1H-benzimidazol-5-yl)amino]carbonyl]-2-hydroxy-1-naphthalenyl]azo]-,butyl ester
CAS 31778–10–6

H.R. 3198—A bill to suspend until December 31, 2002, the duty on Butanamide, N-(2,3-dihydro-2-oxo-1H-benzimidazol-5-yl)-3-oxo-2-[[2-(trifluoromethyl)phenyl]azo]-
CAS 68134–22–5

HR 3199—A bill to suspend until December 31, 2002, the duty on Benzoic acid, 4-[[(2,5-dichlorophenyl)amino]carbonyl]-2-[[2-hydroxy-3-[[(2-methoxyphenyl)amino]carbonyl]-1-naphthalenyl]azo]-, methyl ester
CAS 61847–48–1

H.R. 3200—A bill to suspend until December 31, 2002, the duty on 1,4-Benzenedicarboxylic acid, 2-[[1-[[(2,3-dihydro-2-oxo-1H-benzimidazol-5-yl)amino]carbonyl]-2-oxopropyl]azo]-, dimethyl ester
CAS 35636–63–6

H.R. 3201—A bill to suspend until December 31, 2002, the duty on Butanamide, 2,2′-[1,2-ethanediylbis(oxy-2,1-phenyleneazo)]bis[N-(2,3-dihydro-2-oxo-1H-benzimidazol-5-yl)-3-oxo]-
CAS 77804–81–0

H.R. 3202—A bill to suspend until December 31, 2002, the duty on Benzenesulfonic acid, 4-chloro-2-[[4,5-dihydro-3-methyl-5-oxo-1-(3-sulfophenyl)-1H-pyrazol-4-yl]azo]-5-methyl-,calcium salt (1:1)
CAS 129423–54–7

The products covered by these bills are organic replacements for colorants that use heavy metals—such as lead, molybdenum, chrome, and cadmium—in the plastics and coatings industries. Until recently, heavy metal colorants were used in plastics and coatings, especially where the applications are subjected to high heat, or where high weatherfastness or lightfastness are required. It was difficult to find substitutes for these heavy metal-based products. However, new formulations have lead to a number of organic products that are now satisfactory substitutes, and their use in place of heavy metal colorants is a sound environmental step forward.

None of the organic substitutes covered by the pending legislation is produced in the United States, leaving domestic producers no choice but to import them and pay the tariffs which range from approximately 6.5 percent to over 14 percent. Payment of the tariff for all of these products together is a substantial business cost that hurts Clariant's ability to compete, maintain production levels and employment, and does not serve the tariffs' original purpose of providing a measure of protection to U.S. producers.

The bills introduced by Representative Weygand would remedy this situation without harming a U.S. industry. They would reduce manufacturing costs, increase competitiveness and lead to increased production and employment.

On behalf of the Clariant Corporation, I want to thank you for this opportunity to present our views and stand ready to respond to any questions from the Ways and Means Committee or its staff.

Clariant urges the Ways and Means Committee to approve a package of miscellaneous tariff measures this year, including the above mentioned legislation.

Sincerely,

ANDREW ZAMOYSKI
Technical Manager—Pigments

cc: Representative Robert A. Weygand

H.R. 3191

To suspend until December 31, 2002, the duty on 4-[[5-[[[4-(Aminocarbonyl) phenyl] amino] carbonyl]-2-methoxyphenyl]azo]-N-(5-chloro-2,4-dimethoxyphenyl)-3-hydroxynaphthalene-2-carboxamide.

see Clariant Corporation under H.R. 3190

H.R. 3192

To suspend until December 31, 2002, the duty on Benzenesulfonic acid, 4-[[3-[[2-hydroxy-3-[[4-methoxyphenyl) amino]carbonyl]-1-naphtha-lenyl]azo]-4-methyl-benzoyl]amino]-calcium salt (2:1)

see Clariant Corporation under H.R. 3190

H.R. 3193

To suspend until December 31, 2002, the duty on N-(2,3-Dihydro-2-oxo-1H-benzimidazol-5- yl)-5-methyl- 4- [(methylamino) sulphonyl] phenyl] azo] naphthalene- 2-carboxaminde.

see Clariant Corporation under H.R. 3190

H.R. 3194

To suspend until December 31, 2002, the duty on N-[4-(aminocarbonyl)phenyl]-4-[[1-[[(2,3-dihydro-2-oxo-1H-benzimidazol-5-yl)amino] carbonyl]-2-oxopropyl]azo] benz-amide.

see Clariant Corporation under H.R. 3190

H.R. 3195

To suspend until December 31, 2002, the duty on Butanamide, 2,2′-[3,3′-dichloro[1,1′-biphenyl]-4,4′-diyl)bis(azo)]bis[N-(2,3-dihydro-2-oxo-1H-benzimidazol-5-yl)-3-oxo.

see Clariant Corporation under H.R. 3190

H.R. 3196

To suspend until December 31, 2002, the duty on Butanamide, N,N′-(3,3′dimethyl[1,1′-biphenyl]-4,4′-diyl)bis[2-[2,4-dichlorophenyl)azo]-3-oxo-.

see Clariant Corporation under H.R. 3190

H.R. 3197

To suspend until December 31, 2002, the duty on Benzoic acid, 2-[[3-[[(2,3-dihydro-2-oxo-1H-1H-benzimidazol-5-yl)amino]carbonyl]-2-hydroxy-1-naphthalenyl]azo]-,butyl ester.

see Clariant Corporation under H.R. 3190

H.R. 3198

To suspend until December 31, 2002, the duty on Butanamide, N-(2,3-dihydro-2-oxo-1H-benzimidazol-5-yl)-3-oxo-2-[[2-(trifluoro-methyl)phenyl]azo]-.

see Clariant Corporation under H.R. 3190

H.R. 3199

To suspend until December 31, 2002, the duty on Benzoic acid, 4-[[(2,5-dichlorophenyl)amino]carbonyl]-2-[[2-hydroxy-3-[[(2-methoxyphenyl)amino]carbonyl]-1-naphthalenyl]-, methyl ester.

see Clariant Corporation under H.R. 3190

H.R. 3200

To suspend until December 31, 2002, the duty on 1,4-Benzenedicarboxylic acid, 2-[[1-[[(2,3-di-hydro-2-oxo-1H-benzimidazol-5-yl)amino carbonyl]-2-oxopropyl]azo]-, dimethyl ester.

see Clariant Corporation under H.R. 3190

H.R. 3201

To suspend until December 31, 2002, the duty on Butanamide, 2,2′-[1–2,-ethanediylbis (oxy-2,1-phenylene-azo)] bis [N-(2,3-dihydro-2-oxo-1H-benzimidazol-5-yl)-3-oxo-.

see Clariant Corporation under H.R. 3190

H.R. 3202

To suspend until December 31, 2002, the duty on Benzenesulfonic acid, 4-chloro-2-[[5-hydroxy-3-methyl-1-(3-sulfophenyl)-1H-pyrazol-4-yl]azo]-5-methyl-,calcium salt (1:1).

see Clariant Corporation under H.R. 3190

H.R. 3244

To suspend temporarily the duty on KN001 (a hydrochloride).

No comments submitted.

H.R. 3268

To suspend temporarily the duty on the chemical DEMT.

No comments submitted.

H.R. 3289

To suspend temporarily the duty on certain weaving machines.

AMERICAN TEXTILE MANUFACTURERS INSTITUTE
WASHINGTON, DC 20036–3954
May 4, 1998

The Honorable Phil Crane
Chairman
House Ways and Means Subcommittee on Trade
1102 Longworth Building
Washington, DC 20515

Re: Miscellaneous Trade and Tariff Legislation—H.R. 3289

Dear Mr. Chairman:

This is in response to Ways and Means Committee Advisory #TR–23, dated March 26, 1998, requesting comments on certain miscellaneous trade and tariff proposals. The American Textile Manufacturers Institute (ATMI) is the trade association for the domestic textile industry. Our members operate in more than 30 states and account for more than 80 percent of all textile fibers consumed in the United States.

ATMI would like to express our support for H.R. 3289, a bill to temporarily suspend the duties collected on certain textile machinery used by domestic textile manufacturers.

We have confirmed with the American Textile Machinery Association that there is no domestic source for this machinery and that they have no objections to this proposal. In fact, we are not aware of any opposition to suspending this duty. The current revenues generated by this duty are less than $500,000, thus meeting the standard criteria for duty suspension.

The machinery in question are shuttle type power looms with less than 4.9 meters weaving width. These weaving looms are absolutely essential to producers of woven fabric, who collectively comprise the largest segment of the American textile industry.

We urge the Committee to approve H.R. 3289.

Sincerely,

CARLOS MOORE
Executive Vice President

H.R. 3294

To modify the marketing of certain silk products and containers.

STATEMENT OF THE NECKWEAR ASSOCIATION OF AMERICA (NAA)

RE: REQUEST FOR WRITTEN COMMENTS ON MISCELLANEOUS TRADE AND TARIFF LEGISLATION (TR–23)

IN SUPPORT OF H.R. 3294, TO MODIFY THE MARKING OF CERTAIN SILK PRODUCTS

INTRODUCTION

The Neckwear Association of America (NAA) is a trade association comprised of domestic necktie producers and their suppliers. NAA member companies account for the vast majority of neckties produced in the United States.

This statement is submitted by NAA in response to the Ways and Means Trade Subcommittee's request for public comments on certain miscellaneous trade and tariff bills. Among these bills is H.R. 3294, introduced by Congressman Matsui, "to modify the marking of certain silk products." H.R. 3294 has NAA's strong support for the reasons set out below.

BACKGROUND

Under revised customs rules of origin, which took effect in July 1996, silk fabric—formerly considered to be the product of the country where the fabric was dyed, printed, and subject to at least two other processes—converted to the country, where the fabric is woven. In the case of silk printed fabric, the country where the fabric is woven is generally China.

U.S. Federal Trade Commission (FTC) rules guide the labeling of textile and apparel products that are offered for sale in the U.S. market. Pursuant to the Textile Fiber Products Identification Act (Rule 33(a)(3), "[e]ach textile fiber product made in the United States, either in whole or part, of imported materials shall contain a label disclosing these facts, for example: Made in USA of imported fabric"

Therefore, U.S. necktie producers who had formerly advertised these silk fabrics as Italian could no longer do so without being in violation of U.S. marking rules.

SILK PRINTED FABRIC: CHINESE OR ITALIAN?

Italy is the primary supplier of printed silk fabrics to the U.S. neckwear industry. Italy's reputation for top fashion, design, and fabric selection is unparalleled in the world today. While Italy does not actually weave the silk greige goods, its printing and processing of them is quite substantial, and, Italy adds the all important "Italian" designs that give these fabrics their unique identity and great value. Therefore, our industry, its customers, and, up until recently, the U.S. Government have always considered these fabrics to be Italian; and U.S. necktie makers have traditionally utilized labeling practices that portray them as Italian.

IMPACT ON U.S. TIE PRODUCERS

Two thirds of all neckties produced in the United States are made of imported silk print fabric. Silk print fabric is not available or even made in the United States; the vast majority is imported from Italy. In short, there are no domestic alternatives.

The adoption of the new U.S. textile origin rules in July 1996 jeopardized the ability of U.S. necktie producers to continue their previous marking practices for sales in the U.S. market: Under the new origin rules, the marking could no longer indicate that the silk tie fabric was of Italian origin. Such a change threatened U.S. producers' ability to recover the costs of the very expensive Italian piece goods in the U.S. marketplace, and also placed them at a competitive disadvantage with Italian finished silk necktie producers, who are able to label their goods as being entirely the product of Italy, even though the piece goods used in the U.S. and Italian ties are the same.

To its credit, the FTC has provided some help to the industry in the form of a letter ruling dated March 27, 1996, which permits U.S. tie producers to show on the label that the imported silk fabric was printed in Italy. While this step was welcomed by the industry, NAA strongly supports Congressional action that will codify the FTC's ruling. Such a step will provide assurance to U.S. necktie producers that their labeling practices conform with U.S. law. The legislation will also go a long way toward clearing up any confusion that remains about how these fabrics should be marked when they are used as a component in U.S.-made neckties.

NEED TO REVERT TO OLD RULES OF ORIGIN

NAA also understands that the change in the marking statute with respect to silk fabrics is just the first step in a reversion to the former rules of origin (pre-July 1996). NAA is highly supportive of this effort as it would allow U.S. tie manufacturers to return to unambiguous labeling practices with respect to its products.

H.R. 3316

To suspend temporarily the duty on IN–W4280.

No comments submitted.

H.R. 3323

To amend the Harmonized Tariff Schedule of the United States to provide for duty-free treatment of oxidized polyacrylonitrile fibers.

AMERICAN FIBER MANUFACTURERS ASSOCIATION, INC.
May 1, 1998

Honorable Bill Archer
Chairman
Committee on Ways and Means
1102 Longworth Building
U.S. House of Representatives
Washington, D.C. 20515–6348

ATTENTION: A.L. Singleton, Chief of Staff

RE: H.R. 3323 and H.R.3657

Dear Mr. Chairman:

The American Fiber Manufacturers Association (AFMA) respectfully registers its opposition to enactment of H.R.3323 and H.R.3657, bills that would suspend the existing duty on oxidized polyacrylonitrile fiber, classified in the Harmonized System under 5501.30.00.

AFMA is the trade association for U.S. producers of manufactured fiber. Our membership represents over 90% of domestic manufactured fiber production. A number of these member companies are filing separate petitions in opposition to H.R.3323 and H.R.3657.

If enacted, this legislation would have a damaging effect on both current and planned production of the related acrylic and other competing fiber used in domestic carbonizing operations. In addition, there is no question that there is ample continuing domestic supply of the fibers associated with this product line.

Please contact us if more information would be helpful.

Sincerely,

PAUL T. O'DAY
President

AMOCO CORPORATION
WASHINGTON, D.C. 20036
May 4, 1998

Honorable Bill Archer
Chairman
Committee on Ways and Means
1102 Longworth Building
U.S. House of Representatives
Washington, DC 20515–6348

ATTENTION: A.L. Singleton, Chief of Staff

RE: H.R. 3323 and H.R. 3657

Dear Mr. Chairman,

I am writing this letter to express Amoco's strong opposition to H.R. 3323 and to urge the Committee to reject its inclusion in any miscellaneous tariff package. The legislation would suspend the duty on oxidized polyacrylonitrile (PAN) fiber and create a new tariff line to distinguish the product from other acrylic fiber for duty suspension. These comments are submitted in response to the Subcommittee on Trade's Advisory No. 23, dated March 26, 1998.

Amoco produces fibers from petroleum pitch which compete in certain end uses with the PAN fibers referenced in H.R. 3323. Our fibers are produced in our Greenville, South Carolina plant. This facility also produces oxidized PAN fibers with are supplied to users in the United States. These fibers compete directly with the imported fibers.

Amoco's Greenville, S.C., plant employs over 400 people who are directly involved in the manufacturing of PAN fibers. Also, this product is supported by a sales and research staff from our Alpharetta, Georgia facility which employs over 60 people.

Eliminating the duty as proposed in H.R. 3323 would severely hurt our ability to compete for business.

On behalf of Amoco, I thank you for this opportunity to submit our views and stand ready to respond to any questions from Ways and Means members or their staff.

D.J. DELONG
Business Manager—Carbon Fibers

FORTAFIL FIBERS, INC.
ROCKWOOD, TN 37854
1 May 1998

Honorable Bill Archer
Chairman
Committee on Ways and Means
1102 Longworth Building
U.S. House of Representatives
Washington, DC 20515–6348

ATTENTION: Pete Singleton, Chief of Staff

RE: H.R. 3323 and H.R. 3657

Dear Mr. Chairman,

Fortafil Fibers Incorporated would like to place on the record its strong opposition to H.R. 3323 and H.R. 3657, a miscellaneous tariff bill that would reduce the duty on certain oxidized polyacrylonitrile fibers to 0% by creating a new heading of 9902.55.01 Oxidized polyacrylonitrile fibers (provided for in subheading 5501.30.0).

Our opposition is based on the fact that Fortafil Fibers has to pay a 9.2% duty on the raw material (polyacrylonitrile), from which oxidized polyacrylonitrile is derived, thereby creating an unfair competitive advantage to an importer when competing against domestic (U.S. sources) for the same material by allowing a foreign source a zero duty on this product when imported into the United States. It is further strongly felt that sufficient sources exist domestically for the production of this product which is used in the manufacture of aircraft brake linings and that the granting of a zero duty tariff, as proposed in H.R. 3323 and H.R. 3657, would create an unfair trade advantage to foreign producers of this material and further reduce domestic production and revenue from this product.

Thank you for this opportunity to make our view know on this. I would be pleased to provide any additional information you request.

Sincerely,

ROGER PRESCOTT
President and General Manager

cc: Ms. Troy Cribb, Deputy Asst. Sec. of Commerce
Ms. Mary Elizabeth Sweet, ITC

NORTH AMERICAN CORPORATION
ELIZABETHTON, TENNESSEE 37643
April 29, 1998

Honorable Bill Archer, Chairman
Committee on Ways and Means
1102 Longworth Building
U.S. House of Representatives
Washington, DC 20515–6348

ATTN: Mr. Pete Singleton, Chief of Staff

REFERENCE: HR 3323 AND HR 3657

Dear Mr. Chairman:

On behalf of North American Corporation I am writing to oppose the passage of the above legislation to suspend the ten percent duty now in effect on imported oxidated PAN (Polyacrylonitrile). Passage of the legislation is important to our company since we are the only remaining manufacturer of carbonizable rayon in the United States. This product, even though used in brakes, is in direct competition, in certain applications, to our company as it relates to the space shuttle and the various programs of the Department of Defense.

We are finding it more and more difficult to remain in the rayon business as a direct result of continuous imports on rayon textile products. If we are unable to continue in the rayon production business then the United States will lose the last remaining producer of carbonizable rayon, a component which should be considered vital to our national security. We believe it is important that the United States maintain these vital manufacturing facilities for national defense purposes.

It is important to note that not only will the United States government lose its manufacturing capacity for producing this vital carbonizable rayon product but that our government spent in excess of $50 million in qualifying us to produce this product for vital NASA and Department of Defense programs.

Please let us know if we can provide any additional information.

Sincerely,

CHARLES K. GREEN
President and Chief Executive Officer

SOLUTIA
OFFICE OF BUSINESS DEVELOPMENT
FIBERS AND SAFLEX
May 1, 1998

The Honorable Philip M. Crane
Chairman,
Ways and Means Subcommittee on Trade
1104 Longworth House Office Building
Washington, D.C. 20515–6354

RE: Proposed Duty Suspension on PAN Precursor in H.R. 3323 and companion H.R. 3657 HS 5501.30.10; oxidized polyacrylonitrile fiber; DUTY FREE

Dear Representative Crane:

Solutia Inc. is a United States based company with headquarters in St. Louis, Missouri. We have annual sales of more than $3 billion and employ approximately 8,800 people. Solutia is the largest producer of acrylic fiber in the U.S. with a capacity of over 300 million pounds. We employ approximately 1000 people at our Decatur, Alabama site where we make acrylic fiber. Our Decatur plant and process could be modified to make the polyacrylonitrile tow that is oxidized to make the product on which Duty Suspension is proposed.

In Mid-1997, Toray Industries of Japan, the world's leading producer of carbon fiber (oxidized polyacrylonitrile PAN), reached agreement with Solutia to invest $45 million to build a carbon fiber plant at our Decatur site. The plant will be completed in April, 1999.

Solutia has the key facilities and raw materials at Decatur to make polyacrylonitrile, but does not currently make this particular polymer. Doing so will require additional investment, an option that is a key reason why Toray chose to locate their plant at Decatur where they could have their key raw material produced and available on site.

The duty suspension elimination proposed in H.R. 3323 and companion H.R. 3657 will make the economics of Solutia's investment unattractive. We at Solutia Inc., therefore, strongly object to any reduction or suspension of duties on oxidized polyacrylonitrile. We thank you for your consideration of our position.

Sincerely,

ROBERT R. MATZKE, JR.
Business Development Director

H.R. 3324

To suspend from January 1, 1998, until December 31, 2002, the duty on SE2SI Spray Granulated (HOE S 4291).

CLARIANT CORPORATION
CHARLOTTE, NC
May 4, 1998

Mr. A.L. Singleton
Chief of Staff
Committee on Ways and Means
U.S. House of Representatives
1102 Longworth House Office Building
Washington, DC 20515

RE: Advisory No. TR–23: Comments in Support of H.R. 3324

Dear Mr. Singleton:

I am writing this letter on behalf of the Clariant Corporation to express their strong support for H.R. 3324 and to urge the Committee to include these bills in any miscellaneous tariff package it is considering. These comments are submitted in response to the Subcommittee on Trade's Advisory No. 23, dated March 26, 1998. Companion legislation has been introduced in the Senate by Senator Jesse Helms, S. 1430..

Clariant, headquartered in Charlotte, NC, imports this product from Germany for its customers in the household consumer goods sector. It is currently imported under HTS 3907.9900 at a duty rate of 8 percent *ad valorem*, plus 1.9 cents/kg.

We request that the Ways and Means Committee adopt this measure as part of a miscellaneous tariff package and urge the Committee to act this session of Congress. There is no U.S. production of this chemical, and there has been no opposition expressed to the suspension of the duty. In addition, it meets the de minimus cost requirement that the Committee plans to use to guide its consideration of miscellaneous tariff bills. Enactment would improve the competitiveness of Clariant and the consumers of this product.

On behalf of Clariant, I thank you for this opportunity to express their views. If you have any questions you should feel to call myself, or David Del Guercio, North American Key Accounts Manager, Clariant Corporation, (704) 395–6619.

Best Regards,

Sincerely,

JANET L. HUNTER
Vice President, International Business-Government Counsellors, Inc.

H.R. 3325

To suspend temporarily the duty on a certain chemical.

No comments submitted.

H.R. 3326

To suspend temporarily the duty on 2-Ethylhexanoic acid.

No comments submitted.

H.R. 3327

To suspend temporarily the duty on the chemical Polyvinyl butyral.

No comments submitted.

H.R. 3328

To suspend temporarily the duty on a certain anti-HIV and anti-AIDS drug.

No comments submitted.

H.R. 3350

To direct the Foreign Trade Zones Board to expand Foreign Trade Zone No. 143 to include an area of the municipal airport of Chico, California.

No comments submitted.

H.R. 3354

To suspend temporarily the duty on trifluoromethylaniline.

No comments submitted.

H.R. 3355

To suspend temporarily the duty on 2-chloro-N-[2,6-dinitro-4-(tri-fluoromethyl) phenyl]-N-ethyl-6-fluorobenzenemethanamine.

No comments submitted.

H.R. 3356

To suspend temporarily the duty on streptomycin sulfate.

No comments submitted.

H.R. 3357

To suspend temporarily the duty on propanoic acid, 2-[4-[(5-chloro-3-fluoro-2-pyridinyl)oxy]-phenoxy]-2-propynyl ester).

No comments submitted.

H.R. 3358

To suspend temporarily the duty on 2,4 dichloro 3,5 dinitro benzotrifluoride.

No comments submitted.

H.R. 3359

To suspend temporarily the duty on acetic acid, [(5-chloro-8-quinolinyl)oxy]-, 1-methyhexyl ester.

No comments submitted.

H.R. 3360

To suspend temporarily the duty on acetic acid, [[2-chloro-4-fluoro-5-[(tetrahydro-3-oxo-1H, 3H-[1,3,4] thiadiazolo [3,4-a] pyridazin-1-ylidene)amino]phenyl]thio]-, methyl ester.

No comments submitted.

H.R. 3361

To suspend temporarily the duty on orthonitrophenyl.

No comments submitted.

H.R. 3362

To suspend temporarily the duty on chloroacetone.

No comments submitted.

H.R. 3363

To suspend temporarily the duty on calcium oxytetracycline.

No comments submitted.

H.R. 3364

To suspend temporarily the duty on sodium N-methyl-N oleoyl taurate.

No comments submitted.

H.R. 3365

To suspend temporarily the duty on dialkylnaphthalene sulfonic acid sodium salt.

No comments submitted.

H.R. 3366

To suspend temporarily the duty on O-(6-chloro-3-phenyl-4-pyridazinyl)-S-octyl-carbonothioate.

No comments submitted.

H.R. 3367

To suspend temporarily the duty on 4-cyclopropyl-6-methyl-2-phenylamino-pyrimidine.

No comments submitted.

H.R. 3368

To suspend temporarily the duty on O,O-Dimethyl-S-[5-methoxy-2-oxo-1,3,4-thiadiazol-3(2H)-yl-methyl]-dithiophosphate.

No comments submitted.

H.R. 3369

To suspend temporarily the duty on (Ethyl [2-(4-phenoxyphenoxy) ethyl] carbamate.

No comments submitted.

H.R. 3370

To suspend temporarily the duty on 1-(4-methoxy-6-methyl-triazin-2-yl)-3-[2-(3,3,3-trifluoropropyl)-phenylsulfonyl]-urea.

No comments submitted.

H.R. 3371

To suspend temporarily the duty on 3-[4,6-Bis(difluoromethoxy)-pyrimidin-2-yl]-1-(2-methoxy-carbonylphenylsulfonyl) urea.

No comments submitted.

H.R. 3372

To suspend temporarily the duty on 3-(6-methoxy-4-methyl-1,3,5-triazin-2-yl)-1-[2-(2-chloroethoxy)-phenylsulfonyl]-urea.

No comments submitted.

H.R. 3373

To suspend temporarily the duty on [(2S,4R)/(2R,4S)]/[(2R,4R)/(2S,4S)-1-{2-[4-(4-chloro-phenoxy)-2-chlorophenyl]-4-methyl-1,3-diaxolan-2-yl-methyl}-1H-1,2,4-triazole.

No comments submitted.

H.R. 3374

To amend the Harmonized Tariff Schedule of the United States to provide for temporary duty-free treatment for semiconductor plating lines.

No comments submitted.

H.R. 3375

To provide for the temporary reduction of duty on synthetic quartz substrates.

No comments submitted.

H.R. 3377

To clarify the rules of origin for textile and apparel products from American Samoa.

AMERICAN TEXTILE MANUFACTURERS INSTITUTE
WASHINGTON, DC 20036–3954
May 1, 1998

The Honorable Phil Crane
Chairman
House Ways and Means Subcommittee on Trade
1102 Longworth Building
Washington, DC 20515

Re: Miscellaneous Trade and Tariff Legislation—H.R. 3377

Dear Mr. Chairman:

This is in response to Ways and Means Committee Advisory #TR–23, dated March 26, 1998, requesting comments on certain miscellaneous trade and tariff proposals. The American Textile Manufacturers Institute (ATMI) is the trade association for the domestic textile industry. Our members operate in more than 30 states and account for more than 80 percent of all textile fibers consumed in the United States.

ATMI would like to express our strong opposition to H.R. 3377, a bill to amend the rules of origin for textile and apparel products from American Samoa under section 334 of the Uruguay Round Agreements Act (19 U.S.C. 3592).

This legislation would permit fabric formed in the United States and merely cut into component pieces in American Samoa to be assembled (sewn) into finished garments and textile furnishings in any country in the world and then enter the United States free of duty or quantitative restraint (quota). If this were to become law, it is clear that the country where this assembly would most likely be done is China, although other likely beneficiaries would be Laos, Cambodia or Vietnam. Unlike the countries which stand to benefit from proposed programs of trade preference for Caribbean/Central American nations and Sub-Saharan Africa, the putative beneficiaries of H.R. 3377 are wholly undeserving of the substantial benefits they would reap because their political, economic and social systems are antiethical to everything the United States stands for and tries to encourage among its trading partners. It is also worth noting that no industrialized country in the world has a unilateral trade preference program for the aforementioned countries. It is unacceptable for apparel and sewn textiles made in China, et al to be allowed to enter the United States duty and quota-free, regardless of the origin of their fabrics.

Accordingly, ATMI opposes H.R. 3377 and urges the Committee not to approve this measure.

Sincerely,

CARLOS MOORE
Executive Vice President

ENI F.H. FALEOMAVAEGA
U.S. HOUSE OF REPRESENTATIVES
March 9, 1998

The Honorable Philip M. Crane
Chairman, Subcommittee on Trade
Committee on Ways and Means
U.S. House of Representatives
1104 Longworth House Office Bldg.
Washington, D.C. 20515

Dear Phil:

Thank you for your letters informing me of the opportunity to submit bills for technical corrections to current trade laws. In response I introduced H.R. 3377, a bill to clarify the rules of origin for textile and apparel products from American Samoa. The printed copies of the bill are not yet available, but I have enclosed a copy of the text of the bill reprinted from the House's web page, along with a copy of my statement on introduction.

You have mentioned to me before that you did not support the changes in the rules governing country of origin which took effect in 1996, and it has turned out, for American Samoa at least, that the new rules are hindering expansion of the American Samoan economy. My bill would make effective the pre-July 1, 1996 country of origin rules for textiles and apparel products cut in American Samoa from fabric wholly formed in the United States.

There are currently approximately 300 foreign nationals working in the textile industry in American Samoa. My bill would permit us to return those foreign nationals to their native land, increase production levels, and increase purchases of U.S.-made fabric. Consistent with prior law, final assembly, not to exceed 30% of production, would be completed on foreign soil. While this is not the perfect solution, it is my opinion that it is a better solution than the current law, which permits foreign nationals to make apparel from foreign fabric and enter the mainland as a product of the United States, so long as final assembly is done on U.S. soil (which includes the U.S. territories).

I respectfully request that H.R. 3377 be included in your list of bills upon which pubic comment is sought for possible consideration in this year's comprehensive trade legislation.

With kindest regards,

Sincerely,

ENI F.H. FALEOMAVAEGA
Member of Congress

H.R. 3384

To suspend temporarily the duty on certain chemicals used in the formulation of an HIV Antiviral Drug.

No comments submitted.

H.R. 3385

To suspend temporarily the duty on the production of anti-HIV/anti-AIDS drugs.

No comments submitted.

H.R. 3386

To suspend temporarily the duty on the production of anti-cancer drugs.

No comments submitted.

H.R. 3387

To suspend temporarily the duty on the production of anti-cancer drugs.

No comments submitted.

H.R. 3388

To suspend temporarily the duty on a certain drug substance used as an HIV Antiviral Drug.

No comments submitted.

H.R. 3389

To suspend temporarily the duty on a certain drug substance used as an HIV Antiviral Drug.

No comments submitted.

H.R. 3390

To suspend temporarily the duty on certain chemicals used in the formulation of an HIV Antiviral Drug.

No comments submitted.

H.R. 3391

To suspend temporarily the duty on certain chemicals used in the formulation of an HIV Antiviral Drug.

No comments submitted.

H.R. 3392

To suspend temporarily the duty on certain chemicals used in the formulation of an HIV Antiviral Drug.

No comments submitted.

H.R. 3393

To suspend temporarily the duty on certain chemicals used in the formulation of an HIV Antiviral Drug.

No comments submitted.

H.R. 3394

To suspend temporarily the duty on certain chemicals used in the formulation of an HIV Antiviral Drug.

No comments submitted.

H.R. 3395

To suspend temporarily the duty on certain printing machinery.

AMERICAN TEXTILE MANUFACTURERS INSTITUTE
WASHINGTON, DC 20036–3954
May 4, 1998

The Honorable Phil Crane
Chairman
House Ways and Means Subcommittee on Trade
1102 Longworth Building
Washington, DC 20515

Re: Miscellaneous Trade and Tariff Legislation—H.R. 3395

Dear Mr. Chairman:

This is in response to Ways and Means Committee Advisory #TR–23, dated March 26, 1998, requesting comments on certain miscellaneous trade and tariff proposals. The American Textile Manufacturers Institute (ATMI) is the trade association for the domestic textile industry. Our members operate in more than 30 states and account for more than 80 percent of all textile fibers consumed in the United States.

ATMI would like to express our support for H.R. 3395, a bill to temporarily suspend the duties collected on certain textile machinery used by domestic textile manufacturers.

We have confirmed with the American Textile Machinery Association that there is no domestic source for this machinery and that they have no objections to this proposal. In fact, we are not aware of any opposition to suspending this duty. The current revenues generated by this duty are less than $500,000, thus meeting the standard criteria for duty suspension.

The machinery in question are ink-jet textile printing machines. These machines, which are extremely costly, are used to print patterns, designs and motifs on fabrics and are thus indispensable to a large segment of the domestic textile industry.

We urge the Committee to approve H.R. 3395.

Sincerely,

CARLOS MOORE
Executive Vice President

H.R. 3407

To provide for the reliquidation of certain entries of self-tapping screws.

No comments submitted.

H.R. 3409

To suspend temporarily the duty on a chemical known as 5-tertiary butyl-isophthalic acid.

No comments submitted.

H.R. 3414

To suspend temporarily the duty on the chemical KL540.

No comments submitted.

H.R. 3415

To suspend temporarily the duty on the chemical methyl thioglycolate.

No comments submitted.

H.R. 3416

To suspend until January 1, 2001, the duty on tebufenozide.

No comments submitted.

H.R. 3417

To suspend temporarily the duty on organic luminescent pigments, dyes and fibers for security applications; and, 4-Hexylresorcinol.

Statement of AlliedSignal Inc. on H.R. 3417, a Bill to Suspend Temporarily the U.S. Duty on Organic Luminescent Pigments, Dyes and Fibers for Security Applications and on 4-Hexylresorcinol As Provided for in 3204.90.00 and 2907.29.90 of the Harmonized Tariff Schedule of the United States

AlliedSignal Inc. appreciates the opportunity to comment on H.R. 3417, introduced by Representative Rodney Frelinghuysen of New Jersey. This measure provides for the temporary suspension of the U.S. import duty on organic luminescent pigments, dyes and fibers for security applications, and on 4-hexylresorcinol, classified under 3204.90.00 and 2907.29.90 of the Harmonized Tariff Schedule of the United States.

Granting a suspension of the duty on the products subject to this legislation is justified and appropriate. To our knowledge there are no domestic producers of the exact products in question. For this reason passage of H.R. 3417, while having a positive impact on the competitiveness of AlliedSignal Specialty Chemicals and many of its U.S. customers, would not have a detrimental effect on a U.S. industry.

DESCRIPTION OF ALLIEDSIGNAL INC.

AlliedSignal manufactures advanced technology products for the aerospace, automotive and other markets. Some of our main aerospace products are jet propulsion engines, commercial avionics such as the enhanced ground proximity warning collision-avoidance system, and small-scale power systems. Our automotive product names include Fram® filters, Autolite® sparkplugs, Prestone® car care products, and Garrett® turbochargers for passenger cars, light trucks and earth-moving equipment. We also are a leading producer of nylon and industrial fibers, specialty chemicals, and advanced materials for the electronics and electric power distribution sectors.

AlliedSignal has some 70,500 employees worldwide, approximately 50,000 of whom are in the United States. The company's principal U.S. manufacturing operations are located in Arizona, California, Missouri, Maryland, Ohio, Virginia, New Jersey, Kansas and South Carolina.

Description of the Products and Their Uses

Organic Luminescent Pigments, Dyes and Fibers for Security Applications

Organic luminescent pigments, dyes and fibers are used by AlliedSignal customers in various products which require security and anti-counterfeiting technology. Examples of end uses in which trace amounts of highly specialized luminescent pigments, dyes and fibers may be used are: Currency, stock certificates, credit cards, postal stamps, labels for packages, software certificates of authenticity, drivers licenses, etc. These luminescent compounds are complex organic molecules, and each one is typically designed on a proprietary basis for a specific anti-counterfeiting application. Once a customer has decided upon a particular molecular structure, and specifications for the material, the product becomes truly unique to that particular customer, to the supplier and to the application.

4-Hexylresorcinol

4-Hexylresorcinol is used by AlliedSignal customers for a variety of applications, including in throat lozenges, to reduce spoilage in shrimp, in topical antiseptics, and in other pharmaceutical and cosmetic applications (some of which are still in the research and development stage).

Suspending the Duty on Organic Luminescent Pigments, Dyes and Fibers for Security Applications and on 4-Hexylresorcinol is Warranted

There are no U.S. producers of the specific organic luminescent pigments, dyes and fibers on which suspension of duty is being sought. There are no U.S. producers of commercial quantities of 4-hexylresorcinol.

In 1997 the U.S. government (Office of the U.S. Trade Representative and Department of Commerce) compiled a list (so-called "zero list") of chemical products whose U.S. tariffs it tried unsuccessfully to use the November 1997 Asia-Pacific Economic Cooperation (APEC) Forum ministerial meeting to eliminate in exchange for concessions from trading partners. AlliedSignal submitted the products subject to H.R. 3417 for inclusion on that list. In a chemical industry-wide formal review of the proposed "zero list," undertaken at the behest of the U.S. government and carried out under the auspices of the U.S. Industry Sector Advisory Committee on Chemicals and Allied Products for Trade Policy Matters (a.k.a. ISAC 3), no one objected to these products' presence on that list, i.e., had no objections to their duties being eliminated.

Summary

To AlliedSignal's knowledge there are no domestic producers of the exact products in question. Further, when scrutinized thoroughly for possible inclusion on the U.S. government's APEC "zero list," these products' inclusion on said list did not engender any opposition from or controversy among U.S. industry. Regrettably, notwithstanding the good intentions and tireless efforts of U.S. trade negotiators, it is uncertain if and when the APEC process will yield the desired tariff cuts provided for in H.R. 3417.

For these reasons passage of H.R. 3417, while having a positive impact on the competitiveness of AlliedSignal Specialty Chemicals and many of its U.S. customers, would not have a detrimental effect on a U.S. industry. Granting a suspension of the duty on the products subject to this legislation is justified and appropriate.

H.R. 3418

To suspend temporarily the duty on polymethine sensitizing dyes for photo/imaging applications; and, certain fluorozirconium compounds.

Statement of AlliedSignal Inc. on H.R. 3418, a Bill to Suspend Temporarily the U.S. Duty on Polymethine Sensitizing Dyes for Photo/Imaging Applications and on Certain Fluorozirconium Compounds as Provided for in 2933.19.90, 2934.90.90, 2811.19.60 and 2826.90.00 of the Harmonized Tariff Schedule of the United States

AlliedSignal Inc. appreciates the opportunity to comment on H.R. 3418, introduced by Representative Rodney Frelinghuysen of New Jersey. This measure provides for the temporary suspension of the U.S. import duty on polymethine sensitizing dyes for photo/imaging applications and certain fluorozirconium compounds, classified under 2933.19.90, 2934.90.90, 2811.19.60 and 2826.90.00 of the Harmonized Tariff Schedule of the United States.

Granting a suspension of the duty on the products subject to this legislation is justified and appropriate. To our knowledge there are no domestic producers of the exact products in question. For this reason passage of H.R. 3418, while having a positive impact on the competitiveness of AlliedSignal Specialty Chemicals and many of its U.S. customers, would not have a detrimental effect on a U.S. industry.

Description of AlliedSignal Inc.

AlliedSignal manufactures advanced technology products for the aerospace, automotive and other markets. Some of our main aerospace products are jet propulsion engines, commercial avionics such as the enhanced ground proximity warning collision-avoidance system, and small-scale power systems. Our automotive product names include Fram® filters, Autolite® sparkplugs, Prestone® car care products, and Garrett® turbochargers for passenger cars, light trucks and earth-moving equipment. We also are a leading producer of nylon and industrial fibers, specialty chemicals, and advanced materials for the electronics and electric power distribution sectors.

AlliedSignal has some 70,500 employees worldwide, approximately 50,000 of whom are in the United States. The company's principal U.S. manufacturing operations are located in Arizona, California, Missouri, Maryland, Ohio, Virginia, New Jersey, Kansas and South Carolina.

Description of the Products and Their Uses

Polymethine Sensitizing Dyes for Photo/Imaging Applications

These products are used by AlliedSignal customers to improve the spectral response of photo-sensitive emulsions used on films, including photographic films of all types, medical imaging films, and graphic arts films. These dyes are complex organic molecules, and each one is typically designed on a proprietary basis for a specific film emulsion. Once a customer has decided upon a particular molecular structure and specifications for the material (e.g., metals content, crystal size, etc.), the product becomes truly unique to that particular customer, to the supplier and to the application. These dyes are generally added in small amounts to film emulsions to adjust the photon sensitivity of the film.

Certain Fluorozirconium Compounds

These products—potassium hexafluorozirconate and hexafluorozirconium acid (45%)—are used by AlliedSignal customers primarily for the treatment of aluminum alloys. Potassium hexafluorozirconate is used in the production of aluminum master alloys, which are then used in a variety of applications, including aerospace. Hexafluorozirconium acid is used in the pre-treatment of aluminum prior to surface finishing, for example, prior to painting aluminum beverage cans, automotive surfaces and appliances. A smaller application for potassium hexafluorozirconate is as a flame retardant for wool used in blankets found on aircraft, and the wool used in some military uniforms.

SUSPENDING THE DUTY ON POLYMETHINE SENSITIZING DYES FOR PHOTO/IMAGING APPLICATIONS AND ON CERTAIN FLUOROZIRCONIUM COMPOUNDS IS WARRANTED

There are no U.S. producers of the specific polymethine sensitizing dyes on which suspension of duty is being sought. There are no U.S. producers of commercial quantities of potassium hexafluorozirconate or hexafluorozirconium acid (45%).

In 1997 the U.S. government (Office of the U.S. Trade Representative and Department of Commerce) compiled a list (so-called "zero list") of chemical products whose U.S. tariffs it tried unsuccessfully to use the November 1997 Asia-Pacific Economic Cooperation (APEC) Forum ministerial meeting to eliminate in exchange for concessions from trading partners. AlliedSignal submitted the products subject to H.R. 3418 for inclusion on that list. In a chemical industry-wide formal review of the proposed "zero list," undertaken at the behest of the U.S. government and carried out under the auspices of the U.S. Industry Sector Advisory Committee on Chemicals and Allied Products for Trade Policy Matters (a.k.a. ISAC 3), no one objected to these products' presence on that list, i.e., had no objections to their duties being eliminated.

SUMMARY

To AlliedSignal's knowledge there are no domestic producers of the exact products in question. Further, when scrutinized thoroughly for possible inclusion on the U.S. government's APEC "zero list," these products' inclusion on said list did not engender any opposition from or controversy among U.S. industry. Regrettably, notwithstanding the good intentions and tireless efforts of U.S. trade negotiators, it is uncertain if and when the APEC process will yield the desired tariff cuts provided for in H.R. 3418.

For these reasons passage of H.R. 3418, while having a positive impact on the competitiveness of AlliedSignal Specialty Chemicals and many of its U.S. customers, would not have a detrimental effect on a U.S. industry. Granting a suspension of the duty on the products subject to this legislation is justified and appropriate.

H.R. 3419

To provide for the liquidation or reliquidation of certain entries of mueslix cereals.

No comments submitted.

H.R. 3421

To amend section 313(p)(3) of the Tariff Act of 1930 to allow duty drawback for Methyl Tertiary-butyl Ether ("MTBE"), a finished petroleum derivative.

AMERICAN AGIP CO., INC.
NEW YORK, NY 10103
April 23, 1998

The Honorable Philip M. Crane
Chairman, Subcommittee on Trade
House Committee on Ways and Means
1102 Longworth House Office Building
Washington, D.C. 20515

RE: Comments in Support of H.R. 3421

Dear Chairman Crane:

American Agip Company Inc. wishes to express our strong support for H.R. 3421 (Item number 71 on TR–23), introduced by Representative Sam Johnson of Texas. This bill updates the drawback law by adding Methyl Tertiary-butyl Ether (MTBE) to the list of petroleum products that are considered to be "commercially interchangeable" and, therefore, able to qualify for the special petroleum drawback rules under 19 U.S.C. § 1313(p).

When the harmonized tariff numbers for the list of "commercially interchangeable" petroleum products were originally identified, MTBE was not widely used, making its absence from the list of little consequence. However, in recent years, MTBE has become an important petroleum derivative used as a fuel oxygenate. It is now equivalent to the other petroleum products eligible for the special drawback accounting rules of § 1313(p). This legislation simply adds the appropriate harmonized tariff subheading for MTBE to the petroleum drawback statute.

Without this small, but important, technical change, duty drawback for MTBE exports will continue to be restricted, even though there is no reason for treating it any differently than the other petroleum products listed in § 1313(p).

Thank you for your consideration of our views and we hope this Subcommittee will act favorably on this legislation at the earliest opportunity.

Sincerely,

FRANCESCO ANTONIETTI
President

AMERICAN ASSOCIATION OF EXPORTERS AND IMPORTERS
NEW YORK, NY 10036
April 29, 1998

The Honorable Phillip M. Crane
Chairman, Subcommittee on Trade
House Committee on Ways and Means
1102 Longworth House Office Building
Washington, D.C. 20515

RE: Miscellaneous Trade Bill—Item 71

Dear Chairman Crane:

The American Association of Exporters and Importers (AAEI) is a national organization comprised of approximately 1000 company members engaged in the import, export and distribution of goods between the United States and throughout the world. The multitude of products sold by AAEI member companies covers a broad range, including textiles and apparel, chemicals, machinery, electronics, footwear, food products, automobiles, wine, specialty items and petroleum products. Over one hundred of our members are active participants on our Duty Drawback Committee.

In response to the request for comments in connection with miscellaneous trade bills (TR–23) we express our strong support of H.R. 3421, introduced by Representative Sam Johnson. This bill contains technical amendments to P.L. 103–182 ("Customs Modernization Act") needed to clarify the treatment for drawback purposes of Methyl Tertiary Butyl Ether (MTBE).

When the Harmonized Tariff list of "commercially interchangeable" petroleum products, entitled to use the special accounting drawback rules, was originally adopted, MTBE was not widely used and its absence was of little consequence. In recent years, MTBE has become an important petroleum derivative used for fuel oxygenation and is the equivalent of the products on the list. This bill will add the appropriate HTSUS subheading for MTBE to the list.

We thank you for the opportunity to express our views and would appreciate the Subcommittee's support of the bill.

Sincerely,

ED VAN EK
Vice Chair, AAEI Drawback Committee

Statement of the American Petroleum Institute

The American Petroleum Institute (API) represents over 350 companies involved in all aspects of the oil and gas industry, including exploration, production, transportation, refining, and marketing. Because petroleum products make up a significant part of the U.S. domestic and foreign trade, API and its members have extensive dealings with the U.S. Customs Service (Customs) on which they rely heavily for information and guidance. When problems have surfaced in the past, mutually acceptable solutions have often been found, thereby limiting the burden for both Customs and the petroleum industry, while keeping within the frame work of the applicable laws and regulations. However, some unresolved issues affecting commercial operations remain. The drawback program is one current unresolved issue, particularly the accounting and attribution rules for petroleum products. For this reason, API strongly supports the proposed miscellaneous corrections to trade legislation as described in your advisory from the Committee on Ways and Means, Subcommittee on Trade, dated June 30, 1997, specifically H.R. 3421, H.R. 3422, and H.R. 3423, introduced by Congressman Sam Johnson of Texas.

H.R.3422 and H.R. 3423, which pertain to the accounting and attribution rules for duty drawback on petroleum products, an issue which was addressed in detail in Title VI—Customs Modernization, Section 632, of the North American Free Trade Agreement (NAFTA) Implementation Act [P.L. 103–182]. That law provided special rules to allow the petroleum industry to account for selected petroleum products on a quantitative basis for purposes of duty drawback claims. Without that provision, in order to file certain drawback claims for a product that is exported, our member companies would have to track the actual molecules of certain petroleum derivatives as the product travels through a series of pipelines and tanks, commingled with like products from other sources. This, of course, would be an impossible accounting feat that in effect would prevent us from obtaining duty drawback for exports of various petroleum products

API and the broader trade community thought that the 1993 legislation had settled the matter once and for all. However, Customs' interpretation that the "imported qualified article" cannot be an article of the same kind and quality as the imported qualified article, or any combination thereof, in order to qualify for drawback, violates the intent of the statute, in effect requiring the tracking of actual molecules which P.L. 103–182 intended to eliminate.

This technical correction would instruct Customs to do what Congress directed in 1993. As such, this technical clarification will take effect as if included in the 1993 law, providing U.S. exporters the ability to claim drawback on the exports the law is intended to cover.

H.R. 3422 and H.R. 3423 are nearly identical. The only difference is that H.R. 3423 would take effect upon the date of enactment of this legislation, while H.R.3422 would take effect as if included in the original 1993 law that sought to make this change. Since this legislation is simply directing Customs to do what Congress directed in 1993, we believe the effective date of H.R 3422 is far more appropriate.

Another bill which we strongly support is H.R 3421. This legislation updates the drawback law by adding Methyl Tertiary-butyl Ether (MTBE) to the list of petroleum products that are considered to be "commercially interchangeable" and therefore, able to qualify for the petroleum drawback rules under 19 U.S.C. § 1313(p). When the harmonized tariff numbers for the list of "commercially interchangeable" petroleum products was originally identified, MTBE was not widely used, making its absence from the list of little consequence to the petroleum industry. However, in recent years, MTBE has become an important petroleum derivative used as a fuel oxygenate. It is now the equivalent of other petroleum products eligible for the drawback accounting rules of § 1313(p). This legislation simply adds the appropriate harmonized tariff subheading for MTBE to the petroleum drawback statute. Without this small, but important technical change, duty drawback for MTBE exports will continue to be restricted, even though there is no reason for treating it any different than the other petroleum products listed in § 1313(p).

In conclusion, we believe that H.R. 3422 and H.R. 3423 will finally put an end to Customs' inconsistent interpretation and application of existing law, and along with H.R. 3421 will help achieve the goal of promoting U.S. exports, as intended by the drawback law.

For additional information, please contact Michael Platner at 202/682–8418.

BASIS CLEARING, INC.
WESTPORT, CT 06880
April 30, 1998

The Honorable Philip M. Crane
Chairman, Subcommittee on Trade
House Committee on Ways and Means
1102 Longworth House Office Building
Washington, D.C. 20515

RE: Comments in Support of H.R. 3421

Dear Chairman Crane:

Basis Clearing, Inc. wishes to express our strong support for H.R. 3421 (Item number 71 on TR–23), introduced by Representative Sam Johnson of Texas. This bill updates the drawback law by adding Methyl Tertiary-butyl Ether (MTBE) to the list of petroleum products that are considered to be "commercially interchangeable" and, therefore, able to qualify for the special petroleum drawback rules under 19 U.S.C. § 1313(p).

When the harmonized tariff numbers for the list of "commercially interchangeable" petroleum products were originally identified, MTBE was not widely used, making its absence from the list of little consequence. However, in recent years, MTBE has become an important petroleum derivative used as a fuel oxygenate. It is now equivalent to the other petroleum products eligible for the special drawback accounting rules of § 1313(p). This legislation simply adds the appropriate harmonized tariff subheading for MTBE to the petroleum drawback statute.

Without this small, but important, technical change, duty drawback for MTBE exports will continue to be restricted, even though there is no reason for treating it any differently than the other petroleum products listed in § 1313(p).

Thank you for your consideration of our views and we hope this Subcommittee will act favorably on this legislation at the earliest opportunity.

Sincerely,

WAYNE KUBICEK
Director

CARGILL ENERGY DIVISION
MINNETONKA, MN 55343–9497
May 1, 1998

The Honorable Philip M. Crane
Chairman, Subcommittee on Trade
Committee on Ways and Means
1102 Longworth House Office Building
Washington, D.C. 20515

Re: Comments in Support of H.R. 3421

Dear Mr. Chairman:

Cargill Energy, a division of Cargill, Incorporated, is writing in response to your subcommittee's request for comments to support enactment of H.R. 3421. This bill, which is referenced as number 71 in your March 26, 1998, request for public comments on miscellaneous trade issues legislation, was introduced by Rep. Sam Johnson of Texas to ensure that exports of methyl tertiary butyl ether (MTBE) will qualify for duty drawback on the same basis as other petroleum products.

Cargill Energy has international petroleum and petroleum product trading and distribution businesses. In the United States, Cargill is both an importer and exporter of petroleum products. Cargill Energy is a division of Cargill, Incorporated, which is an international marketer, processor and distributor of agricultural, food, financial and industrial products with some 79,000 employees in more than 1,000 locations in 72 countries and with business activities in 100 more.

H.R. 3421 would add MTBE to the list of petroleum products that are "commercially interchangeable" under the terms of the special petroleum drawback rules under 19 U.S.C. 1313(p). This is to recognize that MTBE is now playing a much greater role in U.S. energy trade and use, including both imports and exports. When the list of "commercially interchangeable" products was first drawn up, MTBE was not a significant fuel additive. With the adoption of the requirements for reformulated gasoline under the Clean Air Act, however, MTBE use has grown dramatically as a fuel oxygenate. It is time that MTBE be treated the same as other petroleum derivatives for the purpose of U.S. tariff laws.

Therefore, this technical change to the law is needed to ensure that MTBE will be eligible for duty drawback on the same basis as other petroleum derivatives. We respectfully urge your committee to support this needed change, and we hope that Congress will act expeditiously to enact H.R. 3421.

Sincerely yours,

GARY W. JARRETT
President, Cargill Energy, a division of Cargill, Incorporated

CHEVRON PRODUCTS COMPANY
April 30, 1998

The Honorable Philip M. Crane
Chairman, Subcommittee on Trade
House Committee on Ways and Means
1102 Longworth House Office Building
Washington, D. C. 20515

RE: Comments in Support of H.R. 3421

Dear Chairman Crane:

Chevron U.S.A. Inc. wishes to express its strong support for H.R. 3421 (Item number 71 on TR–23), introduced by Representative Sam Johnson of Texas. This bill updates the drawback law by adding Methyl Tertiary-butyl Ether (MTBE) to the list of petroleum products that are considered to be "commercially interchangeable" and, therefore, able to qualify for the special petroleum drawback rules under 19 U.S.C. § 1313(p).

When the harmonized tariff numbers for the list of "commercially interchangeable" petroleum products were originally identified, MTBE was not widely used, making its absence from the list of little consequence. However, in recent years, MTBE has become an important petroleum derivative used as a fuel oxygenate. It is now equivalent to the other petroleum products eligible for the special drawback accounting rules of § 1313(p). This legislation simply adds the appropriate harmonized tariff subheading for MTBE to the petroleum drawback statute.

Without this small, but important, technical change, duty drawback for MTBE exports will continue to be restricted, even though there is no reason for treating it any differently than the other petroleum products listed in § 1313(p).

Thank you for your consideration of our views and we hope this Subcommittee will act favorably on this legislation at the earliest opportunity.

Sincerely,

KEN ZEE
Team Leader, Management Reporting and Regulatory Compliance

CITGO PETROLEUM CORPORATION
TULSA, OKLAHOMA 74102
May 4, 1998

The Honorable Philip M. Crane
Chairman, Subcommittee on Trade
House Committee on Ways and Means
1102 Longworth House Office Building
Washington, D.C. 20515

RE: Comments in Support of H.R. 3421

Dear Chairman Crane,

CITGO Petroleum Corporation is a major refining, marketing and transportation company with 5,000 employees, 6 major manufacturing facilities, ownership of 54 marketing terminals and a product supplier to more than 14,000 branded gasoline stations.

CITGO wishes to express our strong support for H.R. 3421 (Item number 71 on TR–23). This bill updates the drawback law by adding Methyl Tertiary-butyl Ether (MTBE) to the list of petroleum products that are considered to be "commercially interchangeable" and, therefore, able to quality for the special petroleum drawback rules under 10 U.S.C. Section 1313(p).

When harmonized tariff numbers for the list of "commercially interchangeable" petroleum products were originally identified, MTBE was not widely used, making its absence from the list of little consequence. However, in recent years, MTBE has become an important petroleum derivative used as a fuel oxygenate. It is now equivalent to the other petroleum products eligible for the special drawback accounting rules of Section 1313(p). This legislation simply adds the appropriate harmonized tariff subheading for MTBE to the petroleum drawback statute.

Without this small, but important, technical change, duty drawback for MTBE exports will continue to be restricted, even though there is no reason for treating it any differently than the other petroleum products listed in 1313(p).

Thank you for your consideration of our position and we hope this Subcommittee will act favorably on this legislation at the earliest opportunity.

Sincerely,

EZRA C. HUNT
Senior Vice President, Chief Financial Officer

cc. A.L. Singleton, Chief of Staff

CONOCO INC.
PONCA CITY, OK 74602–1267
April 30, 1998

The Honorable Philip M. Crane
Chairman, Subcommittee on Trade
House Committee on Ways and Means
1102 Longworth House Office Building
Washington, D.C. 20515

RE: Comments in Support of H.R. 3421

Dear Chairman Crane:

Conoco Inc. wishes to express our strong support for H.R. 3421 (Item number 71 on TR–23), introduced by Representative Sam Johnson of Texas. This bill updates the drawback law by adding Methyl Tertiary-butyl Ether (MTBE) to the list of petroleum products that are considered to be "commercially interchangeable" and, therefore, able to qualify for the special petroleum drawback rules under 19 U.S.C. § 1313(p).

When the harmonized tariff numbers for the list of "commercially interchangeable" petroleum products were originally identified, MTBE was not widely used, making its absence from the list of little consequence. However, in recent years, MTBE has become an important petroleum derivative used as a fuel oxygenate. It is now equivalent to the other petroleum products eligible for the special drawback accounting rules of § 1313(p). This legislation simply adds the appropriate harmonized tariff subheading for MTBE to the petroleum drawback statute.

Without this small, but important, technical change, duty drawback for MTBE exports will continue to be restricted, even though there is no reason for treating it any differently than the other petroleum products listed in § 1313(p).

Thank you for your consideration of our views and we hope this Subcommittee will act favorably on this legislation at the earliest opportunity.

Sincerely,

JAMES A. MCDONALD
Director, Excise Tax Division, UPNA—Leveraged Services

DOW CHEMICAL COMPANY
LAKE JACKSON, TX 77566

The Honorable Philip M. Crane
Chairman, Subcommittee on Trade
House Committee on Ways and Means
1102 Longworth House Office Building
Washington, D.C. 20515

RE: Comments in Support of H.R. 3421

Dear Chairman Crane:

The Dow Chemical Company wishes to express our strong support for H.R. 3421 (item number 71 on TR–23), introduced by Representative Sam Johnson of Texas. This bill updates the drawback law by adding Methyl Tertiary-butyl Ether (MTBE) to the list of petroleum products that are considered to be "commercially interchangeable" and, therefore, able to qualify for the special petroleum drawback rules under 19 U.S.C. § 1313(p).

When the harmonized tariff numbers for the list of "commercially interchangeable" petroleum products were originally identified, MTBE was not widely used, making its absence from the list of little consequence. However, in recent years, MTBE has become an important petroleum derivative used as a fuel oxygenate. It is now equivalent to the other petroleum products eligible for the special drawback accounting rules of § 1313(p). This legislation simply adds the appropriate harmonized tariff subheading for MTBE to the petroleum drawback statue.

Without this small, but important, technical change, duty drawback for MTBE exports will continue to be restricted, even though there is no reason for treating it any differently than the other petroleum products listed in § 1313(p).

Thank you for your consideration of our views and we hope this Subcommittee will act favorably on this legislation at the earliest opportunity.

Sincerely,

JOHN D. WILLIAMS
Import Services Manager

ECOFUEL S.P.A.
April 23, 1998

The Honorable Philip M. Crane
Chairman, Subcommittee on Trade
House Committee on Ways and Means
1102 Longworth House Office Building
Washington, D.C. 20515

RE: Comments in Support of H.R. 3421

Dear Chairman Crane:

Ecofuel S.p.A. wishes to express our strong support for H.R. 3421 (Item number 71 on TR–23), introduced by Representative Sam Johnson of Texas. This bill updates the drawback law by adding Methyl Tertiary-butyl Ether (MTBE) to the list of petroleum products that are considered to be "commercially interchangeable" and, therefore, able to qualify for the special petroleum drawback rules under 19 U.S.C. § 1313(p).

When the harmonized tariff numbers for the list of "commercially interchangeable" petroleum products were originally identified, MTBE was not widely used, making its absence from the list of little consequence. However, in recent years, MTBE has become an important petroleum derivative used as a fuel oxygenate. It is now equivalent to the other petroleum products eligible for the special drawback accounting rules of § 1313(p). This legislation simply adds the appropriate harmonized tariff subheading for MTBE to the petroleum drawback statute.

Without this small, but important, technical change, duty drawback for MTBE exports will continue to be restricted, even though there is no reason for treating it any differently than the other petroleum products listed in § 1313(p).

Thank you for your consideration of our views and we hope this Subcommittee will act favorably on this legislation at the earliest opportunity.

Sincerely,

ANDREA VALERIO
Authorized Agent

Statement of Enron Capital & Trade Resources Corp. on H.R. 3421, a Bill to Amend Section 313(p)(3) of the Tariff Act of 1930 (19 U.S.C. § 1313(p)(3)) to Allow Duty Drawback for Methyl Tertiary-butyl Ether (MTBE)

In response to the House Ways and Means Trade Subcommittee's request for written comments on miscellaneous trade and tariff legislation dated April 26, 1998, ENRON CAPITAL & TRADE RESOURCES CORP. ("ENRON") submits the following comment in support of H.R. 3421 (Item number 71 on TR–23), introduced by Representative Sam Johnson of Texas.[1] This bill updates the duty drawback law by adding the Harmonized Tariff Schedule ("HTS") number for MTBE to the list of petroleum products that are considered to be "commercially interchangeable" and, therefore, able to qualify for the special petroleum drawback rules under Section 313(p) of the Tariff Act of 1930 (19 U.S.C. § 1313(p)).[2] Specifically, the addition of MTBE to § 1313(p)(3)(A)(i)(I) will allow U.S. producers exporting MTBE to compete on a level playing field with foreign producers for sales of MTBE into Mexico.

A. BACKGROUND

ENRON through its subsidiaries is a producer, importer and exporter of MTBE, and is headquartered in Houston, Texas, with assets in most of the fifty states. MTBE is a finished petroleum product derived from natural gas, and its primary use is as an oxygenate in reformulated gasoline. Duty drawback cannot currently be claimed for MTBE exports to our North American Free Trade Agreement ("NAFTA") partners, although drawback can be claimed for all other MTBE exports from the U.S. pursuant to applicable regulations. ENRON imports MTBE from the United Arab Emirates and Malaysia to the West Coast for sale to MTBE suppliers on the West Coast, and produces MTBE at its Gulf Coast facilities and exports the product to Mexico. ENRON currently exports approximately 150,000 to 200,000 barrels a month to Mexico. To our knowledge, there are no exports of MTBE from the U.S. to Canada. We believe that other U.S. MTBE producers exporting the product to Mexico could benefit from duty drawback.

B. BACKGROUND AND REASON FOR THE LEGISLATION

H.R. 3421 adds the appropriate HTS subheading for MTBE to the petroleum drawback statute correcting the inadvertent omission of MTBE from the list of finished petroleum derivatives eligible for drawback under 19 U.S.C. § 1313(p). When HTS numbers for "commercially interchangeable" petroleum products were originally identified for inclusion on the list of products for duty drawback, MTBE was not widely used, making its absence from the list of little consequence.[3]

As MTBE became more widely used and U.S. MTBE exports increased, drawback was claimed under § 1313(j)(2).[4] Under that section, a claim can be made for unused substitution drawback for products that are "commercially interchangeable." In other words, if a U.S. duty is paid on an imported product that is "commercially

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[1] Senator Kay Bailey Hutchison of Texas introduced a companion bill in the Senate, S. 1860.
[2] The HTS number for MTBE is 2909.10.14.
[3] The current rate of duty for MTBE imports into the U.S. from non-NAFTA and non-GSP countries is 5.5 percent.
[4] P.L. 103–182; 19 U.S.C. § 3301, et. seq.

interchangeable" with a domestic product, and the domestic product is exported rather than used within the U.S., any U.S. duty or fees paid on the imported product can be claimed as drawback when an equal or lesser amount of the "commercially interchangeable" domestic product is exported. However, passage of the NAFTA Implementation Act prevented duty drawback for U.S. MTBE exports to Mexico after January 1, 1994.[5] Pursuant to the NAFTA Implementation Act, 19 C.F.R. § 181.42(d) prohibits drawback claims for "commercially interchangeable" products exported under § 1313(j)(2) from the U.S. to NAFTA countries. Therefore, the exclusion of MTBE from the list of finished petroleum derivatives within § 1313(p) unjustifiably restricts U.S. MTBE producers' ability to claim drawback for exports to NAFTA countries, specifically Mexico.

MTBE has become an important petroleum derivative used as a fuel oxygenate in the U.S. and in foreign markets, making it equivalent to the other petroleum products eligible for the special drawback accounting rules of § 1313(p) upon the exportation of the products' to a NAFTA country. In fact, duty drawback for MTBE could provide up to $6 million in annual savings to several U.S. MTBE producers. Thus, H.R. 3421 would correct the Tariff Act of 1930 by including MTBE on the list of finished petroleum derivatives eligible for drawback under § 1313(p).

C. The Need for Duty Drawback for MTBE Exports to Mexico

Amending 19 U.S.C. § 1313(p)(3) to allow duty drawback for MTBE would level the playing field for U.S. producers when competing for sales of MTBE into the Mexican market. Because duty drawback currently cannot be claimed for MTBE exports to Mexico, U.S. producers that import and subsequently export MTBE are placed at a competitive disadvantage compared to foreign producers selling the product in that Latin American market.

Correcting the Tariff Act of 1930 to allow "same substitution" duty drawback for MTBE exports to Mexico would remove any cost disadvantage realized by U.S. MTBE producers exporting the product compared to foreign MTBE producers. A technical correction of this nature would enable U.S. MTBE producers to compete more aggressively for market share in Mexico. Many U.S. producers encounter difficulty competing against foreign MTBE producers exporting the product to Mexico because foreign producers often have lower production costs, and in certain instances are state-owned or receive government subsidies. Foreign MTBE producers, therefore, often have a distinct competitive advantage over U.S. producers in total production costs, including variable (raw materials), fixed (direct and indirect labor), and support (environment, health and safety) costs. Due to these cost differences, and nontariff trade barriers, ENRON and other U.S. producers are placed at a competitive disadvantage in the cost of MTBE production compared to foreign MTBE producers. Currently, this disadvantage is significantly increased by the devaluation of foreign currencies relative to the strength of the U.S. dollar.

Duty drawback for MTBE would give U.S. MTBE producers substantial savings, providing greater opportunity for them to compete for market share in Mexico. U.S. MTBE exporters also could better match any competitive pricing structure for MTBE in that market.

D. The Benefits of Duty Drawback for MTBE Exports to Mexico

Duty drawback would level the playing field for U.S. MTBE producers competing for sales into the Mexican market. The continued use, and potential increase, of MTBE as a fuel additive in developing nations such as Mexico also can benefit the environment.

Duty drawback for MTBE would provide U.S. companies exporting MTBE with substantial savings, potentially spurring additional growth and reinvestment in the industry within the U.S. As a result, U.S. MTBE producers such as ENRON would be encouraged to increase exports of MTBE to Mexico, and either expand U.S. production capacity, or increase capacity utilization, for MTBE. Promoting growth in the U.S. industry and the exportation of greater amounts of MTBE can contribute to a positive trade balance with Mexico and can strengthen the U.S. petroleum industry's presence in Latin America. As the U.S. pursues negotiations for a Free Trade Area of the Americas ("FTAA"), and similar bilateral or multilateral agreements with other Latin and South American nations, it is extremely important that trade barriers are removed in order that U.S. companies, including MTBE producers and exporters, can compete on equal footing in the global market with foreign companies.

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[5] 19 C.F.R. § 181.42(d)

Promoting exports of MTBE to Mexico, and encouraging growth in U.S. MTBE production for domestic and foreign consumption, can provide substantial benefits to the environment. As a derivative of natural gas, MTBE reduces air toxics when used as a fuel additive in gasoline. When added to reformulated gasoline, MTBE helps reduce the emission of ozone, which is a precursor to smog. The addition of MTBE to oxygenated fuel assists in the reduction of carbon monoxide emissions. Therefore, any increase in the exportation of U.S. MTBE to developing nations could have a positive environmental impact by helping to decrease emissions of hazardous air pollutants in those nations.

E. CONCLUSION

The addition of MTBE to § 1313(p)(3) of the Tariff Act of 1930 would correct the product's omission from the list of finished petroleum derivatives eligible for drawback under that section, and allow U.S. producers exporting MTBE to compete on a level playing field with foreign producers for sale of the product in Mexico. Without this technical change, duty drawback for MTBE exports will continue to be restricted, even though no reason exists for treating it differently than the other petroleum products listed in § 1313(p). In addition, ENRON and other U.S. producers would be able to make capital investments and expand production to meet future growth and demand for MTBE in the markets in which they participate. The U.S. is currently attempting to negotiate with many Latin and South American countries with regard to the development of free trade areas and the establishment of open market access. Duty drawback for MTBE would further encourage both, contributing to the overall goals and policies of this Congress.

We appreciate your consideration of our comments and we hope the Subcommittee will act favorably on this legislation at the earliest opportunity.

Sincerely,

KEVIN W. BEASLEY
Vice President

cc: Mr. Leo Webb
U.S. International Trade Commission

EXXON CORPORATION
WASHINGTON, D.C. 20006
April 30, 1998

The Honorable Philip M. Crane
Chairman, Subcommittee on Trade
House Committee on Ways and Means
1102 Longworth House Office Building
Washington, DC 20515

RE: Comments in Support of H.R. 3421

Dear Chairman Crane:

I want to express our strong support for H.R. 3421 (Item number 71 on TR–23), introduced by Representative Sam Johnson of Texas. This bill updates the drawback law by adding Methyl Tertiary-butyl Ether (MTBE) to the list of petroleum products that are considered to be "commercially interchangeable" and, therefore, able to qualify for the special petroleum drawback rules under 19 U.S.C. § 1313(p).

When the harmonized tariff numbers for the list of "commercially interchangeable" petroleum products were originally identified, MTBE was not widely used, making its absence from the list of little consequence. However, in recent years MTBE has become an important petroleum derivative used as a fuel oxygenate. It is now equivalent to the other petroleum products eligible for the special drawback accounting rules of § 1313(p). This legislation simply adds the appropriate harmonized tariff subheading for MTBE to the petroleum drawback statute.

Without this small, but important, technical change, duty drawback for MTBE exports will continue to be restricted, even though there is no reason for treating MTBE any differently from the other petroleum products listed in § 1313(p).

Thank you for your consideration of our views and we hope this Subcommittee will act favorably on this legislation at the earliest opportunity.

Sincerely,

J. J. ROUSE
Vice President, Washington Office

FINA OIL AND CHEMICAL COMPANY
DALLAS, TEXAS
April 30, 1998

The Honorable Philip M. Crane
Chairman, Subcommittee on Trade
House Committee on Ways and Means
1102 Longworth House Office Building
Washington, D.C. 20515

RE: Comments in Support of H.R. 3421

Dear Chairman Crane:

Fina Oil and Chemical Company wishes to express our strong support for H.R. 3421 (Item number 71 on TR–23), introduced by Representative Sam Johnson of Texas. This bill updates the drawback law by adding Methyl Tertiary-butyl Ether (MTBE) to the list of petroleum products that are considered to be "commercially interchangeable" and, therefore, able to qualify for the special petroleum drawback rules under 19 U.S.C. 1313(p).

When the harmonized tariff numbers for the list of "commercially interchangeable" petroleum products were originally identified, MTBE was not widely used, making its absence from the list of little consequence. However, in recent years, MTBE has become an important petroleum derivative used as a fuel oxygenate. It is now equivalent to the other petroleum products eligible for the special drawback accounting rules of 1313(p). This legislation simply adds the appropriate harmonized tariff subheading for MTBE to the petroleum drawback statute.

Without this small, but important, technical change, duty drawback for MTBE exports will continue to be restricted, even though there is no reason for treating it any differently than the other petroleum products listed in 1313(p).

Thank you for your consideration of our views and we hope this Subcommittee will act favorably on this legislation at the earliest opportunity.

Sincerely,

KEVIN RUPP
Vice President & Controller

GEORGE E. WARREN CORPORATION—ENERGY
VERO BEACH, FLORIDA 32960–5518
April 29, 1998

The Honorable Philip M. Crane
Chairman, Subcommittee on Trade
House Committee on Ways and Means
1102 Longworth House Office Building
Washington, D.C. 20515

RE: Comments in Support of H.R. 3421

Dear Chairman Crane:

George E. Warren Corporation wishes to express our strong support for H.R. 3421 (Item number 71 on TR–23), introduced by Representative Sam Johnson of Texas. This bill updates the drawback law by adding Methyl Tertiary-butyl Ether (MTBE) to the list of petroleum products that are considered to be "commercially interchangeable" and, therefore, able to qualify for the special petroleum drawback rules under 19 U.S.C. § 1313(p).

When the harmonized tariff numbers for the list of "commercially interchangeable" petroleum products were originally identified, MTBE was not widely used, making its absence from the list of little consequence. However, in recent years, MTBE has become an important petroleum derivative used as a fuel oxygenate. It is now equivalent to the other petroleum products eligible for the special drawback accounting rules of § 1313(p). This legislation simply adds the appropriate harmonized tariff subheading for MTBE to the petroleum drawback statute.

Without this small, but important, technical change, duty drawback for MTBE exports will continue to be restricted, even though there is no reason for treating it any differently than the other petroleum products listed in § 1313(p).

Thank you for your consideration of our views and we hope this Subcommittee will act favorably on this legislation at the earliest opportunity.

Sincerely,

JONATHAN W. TAYLOR
Treasurer

GLOBAL PETROLEUM CORP.
WALTHAM, MA 02254–9161

The Honorable Philip M. Crane
Chairman, Subcommittee on Trade
House Committee on Ways and Means
1102 Longworth House Office Bldg.
Washington, DC 20515

Re: Comments in Support of H.R. 3421

Dear Chairman Crane:

Global Petroleum Corp. wishes to express our strong support for H.R. 3421 (Item number 71 on TR–23), introduced by Representative Sam Johnson of Texas. This bill updates the drawback law by adding Methyl Tertiary-butyl Ether (MTBE) to the list of petroleum products that are considered to be "commercially interchangeable" and, therefore, able to qualify for the special petroleum drawback rules under 19 U.S.C. Section 1313(p).

When the harmonized tariff numbers for the list of "commercially interchangeable" petroleum products were originally identified, MTBE was not widely used, making its absence from the list of little consequence. However, in recent years, MTBE has become an important petroleum derivative used as a fuel oxygenate. It is now equivalent to the other petroleum products eligible for the special drawback accounting rules of Section 1313(p). This legislation simply adds the appropriate harmonized tariff subheading for MTBE to the petroleum drawback statute.

Without this small, but important, technical change, duty drawback for MTBE exports will continue to be restricted, even though there is no reason for treating it any differently than the other petroleum products listed in Section 1313(p).

Thank you for your consideration of our views and we hope this Subcommittee will act favorably on this legislation at the earliest opportunity.

Very truly yours,

ALFRED A. SLIFKA
President

AAS/mdc

GULF COAST DRAWBACK SERVICES, INC.
KATY, TEXAS 77450
May 1, 1998

The Honorable Philip M. Crane
Chairman, Subcommittee on Trade
House Committee on Ways and Means
1102 Longworth House Office Building
Washington, D.C. 20515

RE: Comments in Support of H.R. 3421

Dear Chairman Crane:

Gulf Coast Drawback Services, Inc. wishes to express our strong support for H.R. 3421 (Item number 71 on TR–23), introduced by Representative Sam Johnson of Texas. This bill updates the drawback law by adding Methyl Tertiary-butyl Ether (MTBE) to the list of petroleum products that are considered to be "commercially interchangeable" and, therefore, able to qualify for the special petroleum drawback rules under 19 U.S.C. § 1313(p).

When the harmonized tariff numbers for the list of "commercially interchangeable" petroleum products were originally identified, MTBE was not widely used, making its absence from the list of little consequence. However, in recent years, MTBE has become an important petroleum derivative used as a fuel oxygenate. It is now equivalent to the other petroleum products eligible for the special drawback accounting rules of § 1313(p). This legislation simply adds the appropriate harmonized tariff subheading for MTBE to the petroleum drawback statute.

Without this small, but important, technical change, duty drawback for MTBE exports will continue to be restricted, even though there is no reason for treating it any differently than the other petroleum products listed in § 1313(p).

With this change, many of our clients and others in the petroleum industry will be able to utilize drawback for its intended purpose, which is to promote exports. We believe this bill will enhance our global competitiveness within the MTBE industry.

Thank you for your consideration of our views and we hope this Subcommittee will act favorably on this legislation at the earliest opportunity.

Sincerely,

BOBBY WAID
President

Comments of Independent Fuel Terminal Operators Association

The Independent Fuel Terminal Operator Association ("IFTOA") hereby submits these comments to the Subcommittee on Trade of the House Committee on Ways and Means in response to its "Request for Written Comments on Additional Miscellaneous Trade and Tariff Legislation."

As explained below, IFTOA fully supports H.R. 3421, 3422 and 3423. These bills would clarify certain language in Section 313(p) of the Tariff Act of 1930 (19 U.S.C. § 1313(p)) that may be susceptible to misinterpretation by the U.S. Customs Service.

I. *Introduction*

IFTOA is an association of independent companies which own or control oil terminals, located along the East Coast from Maine to Florida, capable of receiving ocean-going tankers. Members are primarily importers, exporters and marketers of home heating oil, gasoline, and residual fuel oils at the wholesale and retail levels. As a result of their import and export activities, they participate at times in the duty drawback program. Accordingly, Members will be significantly affected by the outcome of the recent debate between the petroleum industry and the U.S. Customs Service regarding the proper means of implementing "Substitution Duty Drawback" for refined petroleum products.

In 1990 and 1993, Congress adopted amendments addressing "Substitution Duty Drawback" consistent with the position of the petroleum industry: (1) the refunds are to be based on exported volumes that do not exceed the imported volumes; and (2) only a quantitative "match-up" of imported and exported material is required.

In 1997, Customs indicated informally that the Agency interprets the 1993 amendment as requiring precise, molecule-for-molecule tracking of imported finished petroleum products transferred to an exporter. Customs' interpretation would dramatically reduce drawback benefits to IFTOA Members.

Since December 1997, IFTOA has been participating with an industry working group to persuade the Customs Service that the Agency's interpretation is contrary to the intent of the previous amendments. After several months of discussion between the group and Customs, it appears that Customs will not change its position. Therefore, the Association urges Congress to adopt a clarifying amendment to preserve the original intent of the 1990 and 1993 amendments.

II. *Background*

A. 1987 Ruling

Section 1313(p) provides for duty drawback whenever there is an exportation of a petroleum product that is of the same "kind and quality" as an imported petroleum product. In 1987, Customs issued Customs Service Decision 88–1 interpreting the then-existing petroleum drawback statute.[1] That ruling permitted "Substitution Duty Drawback" if exported product withdrawn from a *single* commingled tank on a monthly basis did not exceed the quantity of the imports. However, petroleum products commingled in separate tanks in a common storage facility were required to be accounted for on a *daily and per tank basis* pursuant to an acceptable accounting method such as "First In-First Out." The petroleum industry found this requirement to be too burdensome and seldom used the procedure.

B. 1990 Trade Act

In 1990, the petroleum industry urged Congress to amend the law to make clear that "Substitution Duty Drawback" could be used if (1) imported and exported goods of *like kind and quality* were substituted for one another (*i.e.*, they are classified under the same 8-digit Harmonized Tariff Schedule number); (2) the exported products did not *quantitatively* exceed the imported products; and (3) calculations for compliance purposes were made on a *monthly* basis.

Pursuant to that request, Congress enacted Section 484A of the "Customs and Trade Act of 1990."[2] It embodied the industry position and was enacted after 18 months of negotiations among Congress, the industry and the U.S. Customs Service. However, Section 484A required that the product be commingled in a *common facility*; hence, industry members could not use the procedure for petroleum products stored at different facilities. Because petroleum products frequently are stored at a number of common storage facilities before reaching the point of export, the "common facility" requirement proved to be an obstacle, and the procedure fell into disuse.

C. 1993 Statute

Accordingly, in 1993 the petroleum industry again urged Congress to address the matter by adopting a clarifying provision. Section 632(a)(6) of the North American Free Trade Agreement Implementation Act was designed to simplify the "Substitution Duty Drawback" procedure for petroleum.[3] It was intended to require that an exporter only match the *quantity* of his export with the *quantity* of the import of material of the *same kind and quality*.

However, the final language was not as precise as the sponsors had intended, and it left open the potential for misinterpretation. It provided that a drawback claim may be made for petroleum products exported in the same or greater quantity as a "qualified article" if the exporter:

(i) manufactured or produced the qualified article;

(ii) purchased or exchanged the qualified article from a manufacturer or producer;

(iii) imported the qualified article; or

(iv) purchased or exchanged, directly or indirectly, an *imported qualified article* from an importer.[4]

The "qualified article," as defined in subparagraph 3(A), must be either manufactured or produced in the United States or *imported* duty-paid. The Customs Service points to the language "imported qualified article" in subparagraph (iv), and the def-

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[1] 22 Cust. B. & Dec. No. 307 (June 29, 1987).

[2] P.L. 101–382 (August 20, 1990).

[3] P.L. 103–182 (December 8, 1993).

[4] 19 U.S.C. section 1313(p)(2)(A) (emphasis added).

inition of "qualified article" in subparagraph (3)(A)(ii), as the basis for the Agency's interpretation.

III. *Multiple Substitutions*

A. Current Customs Interpretation

As indicated, in subparagraph (A)(iv) of the 1993 provision, unlike subparagraphs (i) through (iii), "qualified article" is described as an "*imported* qualified article." The U.S. Customs Service has informally indicated that it may interpret this distinction as requiring that when the product is imported by a person other than the exporter, the product must be tracked and identifiable "molecule for molecule." The exporter would then have the ability to substitute another product for exportation.

Customs' interpretation would be inconsistent with the statutory intent of the 1993 law. The legislative history makes clear that the 1993 amendment was designed to provide *greater flexibility* to industry when claiming duty drawback and to reduce paperwork for the industry and administrative costs for the government. The intent of the 1993 law was to permit drawback on a quantitative basis, not to require direct identification. *Thus, an amendment to the current language is needed to prevent an interpretation that would negate the very purpose of the measure*.

B. Proposed Legislation

IFTOA strongly supports H.R. 3422 and 3423 as an effective means of ensuring that multiple substitution of petroleum products remains permissible. The removal of the language "an imported" in Section 3131(p)(2(A)(iv), and the clarification in the definition of "qualified article," will express more precisely the intent of the previous amendments.

This amendment is important to IFTOA members. Under Customs' interpretation, duty drawback on finished imported product would be limited to very few situations, such as when the importer places the product in segregated tankage. However, finished petroleum product imported by IFTOA members frequently is commingled with other product either in storage or in pipelines before delivery to the exporter. Under these normal commercial conditions, it is not possible to track the molecules of the imported product.

In addition, IFTOA Members frequently engage in multiple party transactions that will result in either commingling or substitution. For example, an IFTOA Member may import jet fuel and sell it to a major oil company that will in turn sell jet fuel to an airline for export on international flights. Because of the fungibility of jet fuel, it is impossible to determine whether the jet fuel imported by the IFTOA member is the same jet fuel, "molecule for molecule," as the jet fuel sold by the major oil company and exported as fuel for the international flight. However, the transferred product is of the "same kind and quality" (i.e., the same 8-digit Harmonized Tariff System number) as the product imported, and meets the definition of a "qualified article" under the current statute.

IV. *Retroactivity*

In addition, Section 632(b) of the North American Free Trade Agreement Implementation Act provides for retroactive application of the petroleum drawback provisions to all claims filed or liquidated on or after January 1, 1988 and unliquidated, under protest or in litigation as of December 8, 1993. Customs has expressed the opinion that, not withstanding the current retroactive provision of the statute, all drawback claims are subject to the three-year limitation (*i.e.*, a claim must be filed or amended within three years from the date of export).

IFTOA supports the "Effective Date" provision in HR 3422 that allows drawback claimants to file or amend drawback claims, during the first six months after the enactment of the proposed legislation, for exports made more than three years earlier. This provision would provide an equitable remedy for parties that did not previously file, or amend, a drawback claim due to the ambiguous language of the current drawback statute. The proposed amendment simply clarifies the intent of the 1990 and 1993 amendments.

V. *Addition of MTBE as a "Qualified Article"*

Finally, IFTOA also supports HR 3421, which would add Methyl Tertiary-Butyl Ether ("MTBE") to the list of "qualified articles" for which drawback may be claimed. MTBE is an oxygenate that has become essential to the petroleum industry in recent years in order to comply with environmental laws requiring the sale of oxygenated gasoline in some areas. Because of the wide usage of this additive by the industry, it is appropriate to add it to the other chemicals that are currently considered "qualified articles" for petroleum drawback purposes.

VI. *Conclusion*

Accordingly, the Independent Fuel Terminal Operators Association respectfully requests that Congress include a "Substitution Duty Drawback" amendment in any bill addressing miscellaneous corrections to trade legislation. Such an amendment should clarify that the petroleum drawback mechanism is as follows: (1) the volume of exported product qualifying for the drawback refund could not exceed the volume of "qualified product" that is imported into the country; (2) the petroleum industry would not have to trace the molecules of the imported product from the importer to the exporter; and (3) the imported or substituted product is of the same kind and quality as the exported product. This clarification would ensure a practical and commercially realistic means of applying the "Substitution Duty Drawback" provision.

The Association appreciates the opportunity to provide these comments and would be pleased to provide any further assistance that the Subcommittee may need.

Thank you very much.

ITOCHU INTERNATIONAL INC.
HOUSTON, TEXAS 77057–3009
April 22, 1998

The Honorable Philip M. Crane
Chairman, Subcommittee on Trade
House Committee on Ways and Means
1102 Longworth House Office Building
Washington, DC 20515

RE: Comments in Support of H.R. 3421

Dear Chairman Crane:

ITOCHU International Inc. wishes to express our strong support for H.R. 3421 (Item number 71 on TR–23), introduced by Representative Sam Johnson of Texas. This bill updates the drawback law by adding Methyl Tertiary-butyl Ether (MTBE) to the list of petroleum products that are considered to be "commercially interchangeable" and, therefore, able to qualify for the special petroleum drawback rules under 19 U.S.C. § 1313(p).

When the harmonized tariff numbers for the list of "commercially interchangeable" petroleum products were originally identified, MTBE was not widely used, making its absence from the list of little consequence. However, in recent years, MTBE has become an important petroleum derivative used as a fuel oxygenate. It is now equivalent to the other petroleum products eligible for the special drawback accounting rules of § 1313(p). This legislation simply adds the appropriate harmonized tariff subheading for MTBE to the petroleum drawback statute.

Without this small, but important, technical change, duty drawback for MTBE exports will continue to be restricted, even though there is no reason for treating it any differently than the other petroleum products listed in § 1313(p).

Thank you for your consideration of our views and we hope this Subcommittee will act favorably on this legislation at the earliest opportunity.

Sincerely,

DANIEL K. MARUYAMA
Manager, Gasoline Blending

NATIONAL CUSTOMS BROKERS & FORWARDERS ASSOCIATION OF AMERICA
WASHINGTON, DC 20036
May 2, 1998

The Honorable Philip M. Crane
Chairman, Subcommittee on Trade
1104 Longworth House Office Building
Washington, DC 20515–6354

Dear Chairman Crane:

In response to the request for comments in connection with miscellaneous trade bills (TR–23), we express our strong support of H.R. 3421, introduced by Representative Sam Johnson. This bill contains a technical amendment to P.L. 103–182 ("Customs Modernization Act") needed to clarify the treatment for drawback purposes of Methyl Tertiary Butyl Ether ("MTBE").

When the Harmonized Tariff list of "commercially interchangeable" petroleum products, entitled to use the special accounting drawback rules, was originally adopted, MTBE was not being widely used and its absence was of little consequence. In recent years, MTBE has become an important petroleum derivative used for fuel oxygenation and is the equivalent of the other products on the list. This bill will add the appropriate HTSUS subheading for MTBE to the list.

We thank you for the opportunity to express our views and would appreciate the subcommittee's support of this bill.

Sincerely,

PETER H. POWELL, SR.
President

NORTHVILLE INDUSTRIES CORP.
MELVILLE, NEW YORK 11747–0398
April 24, 1998

The Honorable Philip M. Crane
Chairman, Subcommittee on Trade
House Committee on Ways and Means
1102 Longworth House Office Building
Washington, D.C. 20515

RE: Comments in Support of H.R. 3421

Dear Chairman Crane:

Northville Industries Corp. wishes to express our strong support for H.R. 3421 (Item number 71 on TR–23), introduced by Representative Sam Johnson of Texas. This bill updates the drawback law by adding Methyl Tertiary-butyl Ether (MTBE) to the list of petroleum products that are considered to be "commercially interchangeable" and, therefore, able to qualify for the special petroleum drawback rules under 19 U.S.C. § 1313(p).

When the harmonized tariff numbers for the list of "commercially interchangeable" petroleum products were originally identified, MTBE was not widely used, making its absence from the list of little consequence. However, in recent years, MTBE has become an important petroleum derivative used as a fuel oxygenate. It is now equivalent to the other petroleum products eligible for the special drawback accounting rules of § 1313(p). This legislation simply adds the appropriate harmonized tariff subheading for MTBE to the petroleum drawback statute.

Without this small, but important, technical change, duty drawback for MTBE exports will continue to be restricted, even though there is no reason for treating it any differently than the other petroleum products listed in § 1313(p).

Thank you for your consideration of our views and we hope this Subcommittee will act favorably on this legislation at the earliest opportunity.

Sincerely,

ELIZABETH ANN MCCONAGHY
Vice President and Assistant General Counsel

PHIBRO INC.
WESTPORT, CT 06880–6262
April 30, 1998

The Honorable Philip M. Crane
Chairman, Subcommittee on Trade
House Committee on Ways and Means
1102 Longworth House Office Building
Washington, D.C. 20515

RE: Comments in Support of H.R. 3421

Dear Chairman Crane:

Phibro Inc. wishes to express our strong support for H.R. 3421 (Item number 71 on TR–23), introduced by Representative Sam Johnson of Texas. This bill updates the drawback law by adding Methyl Tertiary-butyl Ether (MTBE) to the list of petroleum products that are considered to be "commercially interchangeable" and, therefore, able to qualify for the special petroleum drawback rules under 19 U.S.C. § 1313(p).

When the harmonized tariff numbers for the list of "commercially interchangeable" petroleum products were originally identified, MTBE was not widely used, making its absence from the list of little consequence. However, in recent years, MTBE has become an important petroleum derivative used as a fuel oxygenate. It is now equivalent to the other petroleum products eligible for the special drawback accounting rules of § 1313(p). This legislation simply adds the appropriate harmonized tariff subheading for MTBE to the petroleum drawback statute.

Without this small, but important, technical change, duty drawback for MTBE exports will continue to be restricted, even though there is no reason for treating it any differently than the other petroleum products listed in § 1313(p).

Thank you for your consideration of our views and we hope this Subcommittee will act favorably on this legislation at the earliest opportunity.

Sincerely,

MICHAEL N. CASTELLANO
Vice President and Controller

ULTRAMAR DIAMOND SHAMROCK CORPORATION
SAN ANTONIO, TEXAS 78269–6000
April 30, 1998

The Honorable Philip M. Crane
Chairman, Subcommittee of Trade
House Committee on Ways and Means
1102 Longworth House Office Building
Washington, D.C. 20515

RE: Comments in Support of H.R. 3421

Dear Chairman Crane:

Ultramar Diamond Shamrock wishes to express our strong support of H.R. 3421 (Item number 71 on TR–23), introduced by Representative Sam Johnson of Texas. This bill updates the drawback law by adding Methyl Tertiary-butyl Ether (MTBE) to the list of petroleum products that are considered to be "commercially interchangeable" and, therefore, able to qualify for the special petroleum drawback rules under 19 U.S.C. § 1313(p).

When the harmonized tariff numbers for the list of "commercially interchangeable" petroleum products were originally identified, MTBE was not widely used, making its absence from the list of little consequence. However, in recent years, MTBE has become an important petroleum derivative used as a fuel oxygenate. It is now equivalent to the other petroleum products eligible for the special drawback accounting rules of § 1313(p). This legislation simply adds the appropriate harmonized tariff subheading for MTBE to the petroleum drawback statute.

Without this small, but important, technical change, duty drawback for MTBE exports will continue to be restricted, even though there is no reason for treating it any differently than the other petroleum products listed in § 1313(p).

Than you for your consideration of our views and we hope this Subcommittee will act favorable on the legislation at the earliest opportunity.

Sincerely,

CHERYL K. TREVOR
Director, Corporate Income Tax

CKT:cab

VALERO REFINING COMPANY-TEXAS
CORPUS CHRISTI, TEXAS 78469–9370
April 23, 1998

The Honorable Philip M. Crane
Chairman, Subcommittee on Trade
House Committee on Ways and Means
1102 Longworth House Office Building
Washington, D.C. 20515

RE: Comments in Support of H.R. 3421

Dear Chairman Crane:

Valero Refining Company-Texas wishes to express our strong support for H.R. 3421 (Item number 71 on TR–23), introduced by Representative Sam Johnson of Texas. This bill updates the drawback law by adding Methyl Tertiary-butyl Ether (MTBE) to the list of petroleum products that are considered to be "commercially interchangeable" and, therefore, able to qualify for the special petroleum drawback rules under 19 U.S.C. § 1313(p).

When the harmonized tariff numbers for the list of "commercially interchangeable" petroleum products were originally identified, MTBE was not widely used, making its absence from the list of little consequence. However, in recent years, MTBE has become an important petroleum derivative used as a fuel oxygenate. It is now equivalent to the other petroleum products eligible for the special drawback accounting rules of § 1313(p). This legislation simply adds the appropriate harmonized tariff subheading for MTBE to the petroleum drawback statute.

Without this small, but important, technical change, duty drawback for MTBE exports will continue to be restricted, even though there is no reason for treating it any differently than the other petroleum products listed in § 1313(p).

Thank you for your consideration of our views and we hope this Subcommittee will act favorably on this legislation at the earliest opportunity.

Sincerely,

GEORGE E. KAIN
Sr. Vice President & General Manager, Corpus Christi Refinery

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H.R. 3422

To amend the Tariff Act of 1930 with respect to drawback for finished petroleum derivatives.

see also American Petroleum Institute under H.R. 3421

see also Independent Fuel Terminal Operators Association under H.R. 3421

AMERICAN AGIP CO. INC.
NEW YORK, NY 10103
April 23, 1998

The Honorable Philip M. Crane
Chairman, Subcommittee on Trade
House Committee on Ways and Means
1102 Longworth House Office Building
Washington, D.C. 20515

RE: Comments in Support of H.R. 3422

Dear Chairman Crane:

In response to your March 26, 1998 request for comments on miscellaneous trade proposals, American Agip Company Inc. wishes to express our strong support for H.R. 3422 (Item number 72 on TR–23), introduced by Representative Sam Johnson of Texas, relating to the accounting and attribution rules for duty drawback on petroleum products.

We and others in the industry thought the Customs Modernization Act, passed in 1993 [included in the NAFTA Implementation Act] settled this issue once and for all. That law provided a quantitative accounting procedure for petroleum drawback claims so we would not have to track the actual molecules of the product through all the pipelines and tanks that it may travel, commingled with like product from other sources.

However, there appears to be confusion by Customs on how to implement this provision. Their apparent interpretation would once again require the "tracking of molecules"—a result clearly not intended by the Customs Modernization Act. That is why H.R. 3422 is needed to clarify the original intent of the Customs Modernization Act that selected petroleum products should be tracked on a quantitative basis for purposes of substitution drawback.

The legislation would force Customs to do what Congress directed in 1993. As such, this technical clarification will take effect as if included in the 1993 law. We urge this Subcommittee to pass H.R. 3422 at the earliest opportunity.

Thank you for your attention to this issue.

Sincerely,

FRANCESCO ANTONIETTI
President

AMERICAN ASSOCIATION OF EXPORTERS AND IMPORTERS
NEW YORK, NY 10036
April 29, 1998

The Honorable Phillip M. Crane
Chairman, Subcommittee on Trade
House Committee on Ways and Means
1102 Longworth House Office Building
Washington, D.C. 20515

RE: Miscellaneous Trade Bills—Item 72 and 73

Dear Chairman Crane:

The American Association of Exporters and Importers (AAEI) is a national organization comprised of approximately 1000 company members engaged in the import, export and distribution of goods between the United States and throughout the world. The multitude of products sold by AAEI member companies covers a broad range, including textiles and apparel, chemicals, machinery, electronics, footwear, food products, automobiles, wine, specialty items and petroleum products. Over one hundred of our members are active participants on our Duty Drawback Committee.

In response to the request for comments in connection with miscellaneous trade bills (TR–23) we express our strong support of H.R. 3422 and H.R. 3423, introduced by Representative Sam Johnson. These bills contain technical amendments to P.L.

103–182 (“Customs Modernization Act”) needed to clarify the drawback provisions of the law.

While the industry believed that the issue of tracking petroleum products for drawback purposes was resolved by Section 632 of P.L. 103–182, the Customs Service has continued the practice of requiring “tracking of molecules.” These bills will make it clear that it was Congress’ intent to require that petroleum products be tracked on a quantitative basis for purposes of drawback, as of the effective date of the Section 632 provision.

We thank you for the opportunity to express our views and would appreciate the Subcommittee’s support of these bills.

Sincerely,

ED VAN EK
Vice Chair, AAEI Drawback Committee

ARCO CHEMICAL COMPANY, TAX DEPARTMENT
NEWTOWN SQUARE, PENNSYLVANIA 19073–2387
April 30, 1998

The Honorable Philip M. Crane
Chairman, Subcommittee on Trade
House Committee on Ways and Means
1102 Longworth House Office Building
Washington, D.C.20515

RE: Comments in Support of H.R. 3422

Dear Chairman Crane:

In response to your March 26, 1998 request for Comments on miscellaneous trade proposals, ARCO Chemical Company wishes to express our strong support for H.R. 3422 (Item number 72 on TR–23), introduced by Representative Sam Johnson of Texas, relating to the accounting and attribution rules for duty drawback on petroleum products.

We and others in the industry thought the Customs Modernization Act, passed in 1993 [included in the NAFTA Implementation Act] settled this issue once and for all. That law provided a quantitative accounting procedure for petroleum drawback claims so we would Not have to track the actual molecules of the product through all the pipelines and tanks that it may travel, commingled with like product from other sources.

However, there appears to be confusion by Customs on how to implement this provision. Their apparent interpretation would once again require the “tracking of molecules”—a result clearly not intended by the Customs Modernization Act. That is why H.R. 3422 is needed to clarify the original intent of the Customs Modernization Act that selected petroleum products should be tracked on a quantitative basis for purposes of substitution drawback.

The legislation would force Customs to do what Congress directed in 1993. As such, this technical clarification will take effect as if included in the 1993 law. We urge this subcommittee to pass H.R. 3422 at the earliest opportunity.

Thank you for your attention to this issue.

Sincerely,

LOUIS S. BATTISTA
Vice President & General Tax Officer

BASIS CLEARING, INC.
WESTPORT, CT 06880
April 30, 1998

The Honorable Philip M. Crane
Chairman, Subcommittee on Trade
House Committee on Ways and Means
1102 Longworth House Office Building
Washington, D.C. 20515

RE: Comments in Support of H.R. 3422

Dear Chairman Crane:

In response to your March 26, 1998 request for comments on miscellaneous trade proposals, Basis Clearing, Inc. wishes to express our strong support for H.R. 3422 (Item number 72 on TR–23), introduced by Representative Sam Johnson of Texas, relating to the accounting and attribution rules for duty drawback on petroleum products.

We and others in the industry thought the Customs Modernization Act, passed in 1993 [included in the NAFTA Implementation Act] settled this issue once and for all. That law provided a quantitative accounting procedure for petroleum drawback claims so we would not have to track the actual molecules of the product through all the pipelines and tanks that it may travel, commingled with like product from other sources.

However, there appears to be confusion by Customs on how to implement this provision. Their apparent interpretation would once again require the "tracking of molecules"—a result clearly not intended by the Customs Modernization Act. That is why H.R. 3422 is needed to clarify the original intent of the Customs Modernization Act that selected petroleum products should be tracked on a quantitative basis for purposes of substitution drawback.

The legislation would force Customs to do what Congress directed in 1993. As such, this technical clarification will take effect as if included in the 1993 law. We urge this Subcommittee to pass H.R. 3422 at the earliest opportunity.

Thank you for your attention to this issue.

Sincerely,

WAYNE KUBICEK
Director

BP OIL COMPANY
CLEVELAND, OHIO 44114
April 30, 1998

The Honorable Philip M. Crane
Chairman, Subcommittee on Trade
House Committee on Ways and Means
1102 Longworth House Office Building
Washington, D.C. 20515

RE: Comments in Support of H.R. 3422

Dear Chairman Crane:

In response to your March 26, 1998 request for comments on miscellaneous trade proposals, BP Oil Company wishes to express our strong support for H.R. 3422 (Item number 72 on TR–23), introduced by Representative Sam Johnson of Texas, relating to the accounting and attribution rules for duty drawback on petroleum products.

Congress addressed this issue in detail in 1993, as part of the Customs Modernization Act (included in the NAFTA Implementation Act). That law provided special accounting rules to allow the petroleum industry to account for selected petroleum products on a quantitative basis for purposes of filing duty drawback claims. Without that provision, in order to file certain drawback claims for product that is exported, companies like our own would have to track the actual molecules of petroleum products as they travel through a complex series of pipelines and tanks, commingled with like product from other sources. This, of course, presents an impossible accounting task that in effect would prevent us from obtaining duty drawback for exports of many petroleum products.

We and others in the industry thought the Customs Modernization Act provision settled this issue once and for all. However, there appears to be confusion by Customs on how to implement this provision. Their apparent interpretation would once again require the "tracking of molecules"—a result clearly not intended by the Customs Modernization Act. That is why H.R. 3422 is needed to clarify the original intent of the Customs Modernization Act that selected petroleum products should be tracked on a quantitative basis for purposes of substitution drawback.

The legislation would force Customs to do what Congress directed in 1993. As such, this technical clarification will take effect as if included in the 1993 law. Otherwise, Customs benefits from its refusal to follow the intent of the 1993 statute, while U.S. exporters will be denied duty drawback claims for exports the law was intended to cover. To prevent this unjust result, we urge this Subcommittee to pass H.R. 3422.

Thank you for your attention to this issue.

Sincerely,

NANCY M. CARTER
Vice President, Supply

CARGILL ENERGY DIVISION
MINNETONKA, MN 55343–9497
May 1, 1998

The Honorable Philip M. Crane
Chairman, Subcommittee on Trade
Committee on Ways and Means
1102 Longworth House Office Building
Washington, D.C. 20515

Re: Comments in Support of H.R. 3422

Dear Mr. Chairman:

Cargill Energy, a division of Cargill, Incorporated, is pleased that your subcommittee is taking up H.R. 3422, legislation introduced by Rep. Sam Johnson of Texas to correct an interpretation problem that has arisen with respect to the accounting and attribution rules for duty drawback on petroleum products. Cargill Energy strongly supports enactment of this bill, which is referenced as number 72 in your March 26, 1998, request for public comments on miscellaneous trade issues.

Cargill Energy has international petroleum and petroleum product trading and distribution businesses. In the United States, Cargill is both an importer and exporter of petroleum products. Cargill Energy is a division of Cargill, Incorporated, which is an international marketer, processor and distributor of agricultural, food, financial and industrial products with some 79,000 employees in more than 1,000 locations in 72 countries and with business activities in 100 more.

H.R. 3422 would amend the Tariff Act of 1930 to clear up some apparent confusion that has arisen in the U.S. Customs Service in implementing the changes to duty drawback adopted in the 1993 Customs Modernization Act. Customs seems to be requiring that companies must once again trace the molecules of petroleum products in order to qualify exports for duty drawback treatment. The Customs Modernization Act, however, established a new quantitative accounting procedure for petroleum duty drawback claims, so that companies would no longer have to trace the actual molecules of the product as they travel through pipelines and are commingled with like product from other sources.

H.R. 3422 would simply restate that a qualified article for drawback treatment includes product of the same kind or quality, or any combination thereof, as was originally imported. The qualified exported product cannot exceed the quantity originally imported. This technical correction to the 1993 Customs Modernization Act is entirely consistent with the original purpose of that act.

It is also appropriate that the language in H.R. 3422 would be effective as of the date of enactment of the 1993 change. We do not believe that this would qualify as a retroactive change, as H.R. 3422 merely restates what was intended to be the law all along. In the event that Congress rejects the application of this bill back to the enactment of the 1993 Customs Modernization Act, however, we would reluctantly support H.R. 3423, which is identical to H.R. 3422 except that H.R. 3423 would apply prospectively only.

We respectfully urge the Subcommittee on Trade to report, and Congress to enact, H.R. 3422 as soon as possible.

Sincerely yours,

GARY W. JARRETT
President, Cargill Energy, a division of Cargill, Incorporated

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CHEVRON PRODUCTS COMPANY
April 30, 1998

The Honorable Philip M. Crane
Chairman, Subcommittee on Trade
House Committee on Ways and Means
1102 Longworth House Office Building
Washington, D. C. 20515

RE: Comments in Support of H.R. 3422

Dear Chairman Crane:

In response to your March 26, 1998 request for comments on miscellaneous trade proposals, Chevron U.S.A. Inc. wishes to express its strong support for H.R. 3422 (Item number 72 on TR–23), introduced by Representative Sam Johnson of Texas, relating to the accounting and attribution rules for duty drawback on petroleum products.

We and others in the industry thought the Customs Modernization Act, passed in 1993 [included in the NAFTA Implementation Act] settled this issue once and for all. That law provided a quantitative accounting procedure for petroleum drawback claims so we would not have to track the actual molecules of the product through all the pipelines and tanks that it may travel, commingled with like product from other sources.

However, there appears to be confusion by Customs on how to implement this provision. Their apparent interpretation would once again require the "tracking of molecules"—a result clearly not intended by the Customs Modernization Act. That is why H.R. 3422 is needed to clarify the original intent of the Customs Modernization Act that selected petroleum products should be tracked on a quantitative basis for purposes of substitution drawback.

The legislation would force Customs to do what Congress directed in 1993. As such, this technical clarification will take effect as if included in the 1993 law. We urge this Subcommittee to pass H.R. 3422 at the earliest opportunity.

Thank you for your attention to this issue.

Sincerely,

KEN ZEE
Team Leader, Management Reporting and Regulatory Compliance

CITGO PETROLEUM CORPORATION
TULSA, OKLAHOMA 74102
May 4, 1998

The Honorable Philip M. Crane
Chairman, Subcommittee on Trade
House Committee on Ways and Means
1102 Longworth House Office Building
Washington, D.C. 20515

RE: Comments in Support of H.R. 3422

Dear Chairman Crane,

CITGO Petroleum Corporation is a major refining, marketing and transportation company with 5,000 employees, 6 major manufacturing facilities, ownership of 54 marketing terminals and a product supplier to more than 14,000 branded gasoline stations.

CITGO wishes to express our strong support for H.R. 3422 (Item number 72 on TR–23), introduced by Representative Sam Johnson relating to the accounting and attribution rules for duty drawback on petroleum products.

We and others in the industry thought the Customs Modernization Act, passed in 1993 (included in the NAFTA Implementation Act) settled this issue once and for all. That law provided a quantitative accounting procedure for petroleum drawback claims so we would not have to track the actual molecules of the product through all the pipelines and tanks that it may travel, commingled with like product from other sources.

However, there appears to be confusion by Customs on how to implement this provision. Their apparent interpretation would once again require the "tracking of molecules"—a result clearly not intended by the Customs Modernization Act. That is why H.R. 4322 is needed to clarify the original intent of the Customs Mod Act that selected petroleum products should be tracked on a quantitative basis for purposes of substitution drawback.

The legislation would force Customs to do what Congress directed in 1993. As such, this technical clarification will take effect as if included in the 1993 law. We urge this Subcommittee to pass H.R. 3422 at their earliest opportunity.

Thank you for your attention to this important matter.

Sincerely,

EZRA C. HUNT
Senior Vice President, Chief Financial Officer

cc. A.L. Singleton, Chief of Staff

CONOCO INC
PONCA CITY, OK 74602–1267
April 29, 1998

The Honorable Philip M. Crane
Chairman, Subcommittee on Trade
House Committee on Ways and Means
1102 Longworth House Office Building
Washington, D.C. 20515

RE: Comments in Support of H.R. 3422

Dear Chairman Crane:

In response to your March 26, 1998 request for comments on miscellaneous trade proposals, Conoco Inc. wishes to express our strong support for H.R. 3422 (Item number 72 on TR–23), introduced by Representative Sam Johnson of Texas, relating to the accounting and attribution rules for duty drawback on petroleum products.

We and others in the industry thought the Customs Modernization Act, passed in 1993 [included in the NAFTA Implementation Act] settled this issue once and for all. That law provided a quantitative accounting procedure for petroleum drawback claims so we would not have to track the actual molecules of the product through all the pipelines and tanks that it may travel, commingled with like product from other sources.

However, there appears to be confusion by Customs on how to implement this provision. Their apparent interpretation would once again require the "tracking of molecules"—a result clearly not intended by the Customs Modernization Act. That is why H.R. 3422 is needed to clarify the original intent of the Customs Modernization Act that selected petroleum products should be tracked on a quantitative basis for purposes of substitution drawback.

The legislation would force Customs to do what Congress directed in 1993. As such, this technical clarification will take effect as if included in the 1993 law. We urge this Subcommittee to pass H.R. 3422 at the earliest opportunity.

Thank you for your attention to this issue.

Sincerely,

JAMES A. MCDONALD
Director, Excise Tax Division, UPNA—Leveraged Services

DOW CHEMICAL COMPANY
LAKE JACKSON, TX 77566

The Honorable Philip M. Crane
Chairman, Subcommittee on Trade
House Committee on Ways and Means
1102 Longworth House Office Building
Washington, D.C. 20515

RE: Comments in Support of H.R. 3422

Dear Chairman Crane:

In response to your March 26, 1998 request for comments on miscellaneous trade proposals, The Dow Chemical Company wishes to express our strong support for H.R. 3422 (Item number 72 on TR–23), introduced by Representative Sam Johnson of Texas, relating to the accounting and attribution rules for duty drawback on petroleum products.

We and others in the industry thought the Customs Modernization Act, passed in 1993 [included in the NAFTA Implementation Act] settled this issue once and for all. That law provided a quantitative accounting procedure for petroleum drawback claims so we would *not* have to track the actual molecules of the product through all the pipelines and tanks that it may travel, commingled with like product from other sources.

However, there appears to be confusion by Customs on how to implement this provision. Their apparent interpretation would once again require the "tracking of molecules"—a result clearly not intended by the Customs Modernization Act. That is why H.R. 3422 is needed to clarify the original intent of the Customs Modernization Act that selected petroleum products should be tracked on a quantitative basis for purposes on substitution drawback.

The legislation would force Customs to do what Congress directed in 1993. As such, this technical clarification will take effect as if included in the 1993 law. We urge this Subcommitte to pass H. R. 3422 at the earliest opportunity.

Thank you for your attention to this issue.

Sincerely,

JOHN D. WILLIAMS
Import Services Manager

ECOFUEL S.P.A.
April 23, 1998

The Honorable Philip M. Crane
Chairman, Subcommittee on Trade
House Committee on Ways and Means
1102 Longworth House Office Building
Washington, D.C. 20515

RE: Comments in Support of H.R. 3422

Dear Chairman Crane:

In response to your March 26, 1998 request for comments on miscellaneous trade proposals, Ecofuel S.P.A. wishes to express our strong support for H.R. 3422 (Item number 72 on TR–23), introduced by Representative Sam Johnson of Texas, relating to the accounting and attribution rules for duty drawback on petroleum products.

We and others in the industry thought the Customs Modernization Act, passed in 1993 [included in the NAFTA Implementation Act] settled this issue once and for all. That law provided a quantitative accounting procedure for petroleum drawback claims so we would not have to track the actual molecules of the product through all the pipelines and tanks that it may travel, commingled with like product from other sources.

However, there appears to be confusion by Customs on how to implement this provision. Their apparent interpretation would once again require the "tracking of molecules"—a result clearly not intended by the Customs Modernization Act. That is why H.R. 3422 is needed to clarify the original intent of the Customs Modernization Act that selected petroleum products should be tracked on a quantitative basis for purposes of substitution drawback.

The legislation would force Customs to do what Congress directed in 1993. As such, this technical clarification will take effect as if included in the 1993 law. We urge this Subcommittee to pass H.R. 3422 at the earliest opportunity.

Thank you for your attention to this issue.

Sincerely,

ANDREA VALERIO
Authorized Agent

ENTEC POLYMERS, INC.
MAITLAND, FL 32751

The Honorable Philip M. Crane
Chairman, Subcommittee on Trade
House Committee on Ways and Means
1102 Longworth House Office Building
Washington, D.C. 20515

RE: Comments in Support of H.R. 3422

Dear Chairman Crane:

In response to your March 26, 1998 request for comments on miscellaneous trade proposals, Entec Polymers, Inc. wishes to express our strong support for H.R. 3422 (Item number 72 on TR–23), introduced by Representative Sam Johnson of Texas, relating to the accounting and attribution rules for duty drawback on petroleum products.

We and others in the industry thought the Customs Modernization Act, passed in 1993 {included in the NAFTA Implementation Act} settled this issue once and for all. That law provided a quantitative accounting procedure for petroleum drawback claims so we would not have to track the actual molecules of the product through all the pipelines and tanks that it may travel, commingled with like product from other sources.

However, there appears to be confusion by Customs on how to implement this provision. Their apparent interpretation would once again require the "tracking of molecules"-a result clearly not intended by the Customs Modernization Act. That is why H.R. 3422 is needed to clarify the original intent of the Customs Modernization Act that selected petroleum products should be tracked on a quantitative basis for purposes of substitution drawback.

The legislation would force Customs to do what Congress directed in 1993. As such, this technical clarification will take effect as if included in the 1993 law. We urge this Subcommittee to pass H.R. 3422 at the earliest opportunity.

Thank you for your attention to this issue.

Sincerely,

JAMES P. ASHTON
C.F.O.

EQUISTAR CHEMICALS, LP
HOUSTON, TEXAS 77252–2583
April 30, 1998

The Honorable Philip M. Crane
Chairman, Subcommittee on Trade
House Committee on Ways and Means
1102 Longworth House Office Building
Washington, D.C. 20515

Re: Comments in Support of H.R. 3422

Dear Chairman Crane:

In response to your March 26, 1998 request for comments on additional miscellaneous trade and tariff legislation, Equistar Chemicals, LP would like to express our strong support for H.R. 3422 (Item number 72 on TR–23) introduced by Representative Sam Johnson of Texas. This technical clarification relates to the accounting and attribution rules for duty drawback on petroleum products.

The Customs Modernization Act, passed in 1993, clearly provided a quantitative accounting procedure for petroleum drawback claims so that the tracking of the actual molecule of a product would not have to be followed through the various pipelines and tanks it may travel. This allows commingling of like product from various sources which is often in the best interest of our business. Without the use of the quantitative accounting procedure, companies such as ours would be forced to the "tracking of molecules" which is an almost impossible accounting procedure that would deny us from obtaining duty drawback on the export of many petroleum products.

However, the interpretation by Customs on the implementation of this provision requires the tracking of molecules to satisfy drawback claims. Clearly this was not the intent of the Customs Modernization Act. The passage of H.R. 3422 clarifies the intent of the Act and allows selected petroleum products to be tracked on a quantitative basis for purposes of substitution drawback.

This technical clarification will take effect as if included in the 1993 law. We support the Subcommittee's passage of H.R. 3422 at the earliest opportunity.

Thank you for your attention to this important issue.

Sincerely,

LEROY E. PENNOCK
Manager, Accounting Services

EXXON CORPORATION
WASHINGTON, D.C. 20006
April 30, 1998

The Honorable Philip M. Crane
Chairman, Subcommittee on Trade
House Committee on Ways and Means
1102 Longworth House Office Building
Washington, DC 20515

RE: Comments in Support of H.R. 3422

Dear Chairman Crane:

In response to your March 26, 1998 request for comments on miscellaneous trade proposals, Exxon Corporation wishes to express our strong support for H.R. 3422 (Item number 72 on TR–23), introduced by Representative Sam Johnson of Texas, relating to the accounting and attribution rules for duty drawback on petroleum products.

Congress addressed this issue in detail in 1993, as part of the Customs Modernization Act (included in the NAFTA Implementation Act). That law provided special accounting rules to allow the petroleum industry to account for selected petroleum products on a quantitative basis for purposes of filing duty drawback claims. Without that provision, in order to file certain drawback claims for product that is exported, companies like our own would have to track the actual molecules of petroleum products as they travel through a complex series of pipelines and tanks, commingled with like product from other sources. This, of course, presents an impossible accounting task that in effect would prevent us from obtaining duty drawback for exports of many petroleum products.

We and others in the industry thought the Customs Modernization Act provision settled the matter once and for all. However, there appears to be confusion by Customs on how to implement this provision. Their apparent interpretation would once again require the "tracking of molecules"—a result clearly not intended by the Customs Modernization Act. That is why H.R. 3422 is needed to clarify the original intent of the Customs Modernization Act that selected petroleum products should be tracked on a quantitative basis for purposes of substitution drawback.

The legislation would force Customs to do what Congress directed in 1993. As such, this technical clarification will take effect as if included in the 1993 law. Otherwise, Customs benefits from its refusal to follow the intent of the 1993 statute, while U.S. exporters will be denied duty drawback claims for exports the law was intended to cover. To prevent this unjust result, we urge this Subcommittee to pass H.R. 3422.

Thank you for your attention to this issue.

Sincerely,

J. J. ROUSE
Vice President, Washington Office

FINA OIL AND CHEMICAL COMPANY
DALLAS, TEXAS
April 30, 1998

The Honorable Philip M. Crane
Chairman, Subcommittee on Trade
House Committee on Ways and Means
1102 Longworth House Office Building
Washington, D.C. 20515

RE: Comments in Support of H.R. 3422

Dear Chairman Crane:

In response to your March 26, 1998 request for comments on miscellaneous trade proposals, Fina Oil and chemical Company wishes to express our strong support for H.R. 3422 (Item number 72 on TR–23), introduced by Representative Sam Johnson of Texas, relating to the accounting and attribution rules for duty drawback on petroleum products.

We and others in the industry thought the Customs Modernization Act, passed in 1993 [included in the NAFTA Implementation Act] settled this issue once and for all. That law provided a quantitative accounting procedure for petroleum drawback claims so we would not have to track the actual molecules of the product through all the pipelines and tanks that it may travel, commingled with like product from other sources.

However, there appears to be confusion by Customs on how to implement this provision. Their apparent interpretation would once again require the "tracking of molecules"—a result clearly not intended by the Customs Modernization Act. That is why H.R. 3422 is needed to clarify the original intent of the Customs Modernization Act that selected petroleum products should be tracked on a quantitative basis for purposes of substitution drawback.

The legislation would force Customs to do what Congress directed in 1993. As such, this technical clarification will take effect as if included in the 1993 law. We urge this Subcommittee to pass H.R. 3422 at the earliest opportunity.

Thank you for your attention to this issue.

Sincerely,

KEVIN RUPP
Vice President and Controller

GEORGE E. WARREN CORPORATION—ENERGY
VERO BEACH, FLORIDA 32960–5518
April 30, 1998

The Honorable Philip M. Crane
Chairman, Subcommittee on Trade
House Committee on Ways and Means
1102 Longworth House Office Building
Washington, D.C. 20515

RE: Comments in Support of H.R. 3422

Dear Chairman Crane:

In response to your March 26, 1998 request for comments on miscellaneous trade proposals, George E. Warren Corporation wishes to express our strong support for H.R. 3422 (Item number 72 on TR–23), introduced by Representative Sam Johnson of Texas, relating to the accounting and attribution rules for duty drawback on petroleum products.

We and others in the industry thought the Customs Modernization Act, passed in 1993 [included in the NAFTA Implementation Act] settled this issue once and for all. That law provided a quantitative accounting procedure for petroleum drawback claims so we would not have to track the actual molecules of the product through all the pipelines and tanks that it may travel, commingled with like product from other sources.

However, there appears to be confusion by Customs on how to implement this provision. Their apparent interpretation would once again require the "tracking of molecules"—a result clearly not intended by the Customs Modernization Act. That is why H.R. 3422 is needed to clarify the original intent of the Customs Modernization Act that selected petroleum products should be tracked on a quantitative basis for purposes of substitution drawback.

The legislation would force Customs to do what Congress directed in 1993. As such, this technical clarification will take effect as if included in the 1993 law. We urge this Subcommittee to pass H.R. 3422 at the earliest opportunity.

Thank you for your attention to this issue.

Sincerely,

JONATHAN W. TAYLOR
Treasurer

GEORGIA GULF CORPORATION, PVC DIVISION HEADQUARTERS
PLAQUEMINE, LA 70765–0629
April 29, 1998

The Honorable Philip M. Crane
Chairman, Subcommittee on Trade
House Committee on Ways and Means
1102 Longworth House Office Building
Washington, D.C. 20515

RE: Comments in Support of H.R. 3422

Dear Chairman Crane:

In response to your March 26, 1998 request for comments on miscellaneous trade proposals, Georgia Gulf wishes to express our support for H.R. 3422 (Item number 72 on TR–23), introduced by Representative Sam Johnson of Texas, relating to the accounting and attribution rules for duty drawback on petroleum products.

We and others in the industry thought the Customs Modernization Act, passed in 1993 [included in the NAFTA Implementation Act] settled this issue once and for all. That law provided a quantitative accounting procedure for petroleum drawback claims so we would not have to track the actual molecules of the product through all the pipelines and tanks that it may travel, commingled with like product from other sources.

However, there appears to be confusion by Customs on how to implement this provision. Their apparent interpretation would once again require the "tracking of molecules"—a result clearly not intended by the Customs Modernization Act. That is why H.R. 3422 is needed to clarify the original intent of the Customs Modernization Act that selected petroleum products should be tracked on a quantitative basis for purposes of substitution drawback.

The legislation would force Customs to do what Congress directed in 1993. As such, this technical clarification will take effect as if included in the 1993 law. We urge this Subcommittee to pass H.R. 3422 at the earliest opportunity.

Thank you for your attention to this issue.

Sincerely,

JANICE L. OWENS
Customs Administrator

JLO:dcb

GLOBAL PETROLEUM CORP.
WALTHAM, MA 02254–9161

The Honorable Philip M. Crane
Chairman, Subcommittee on Trade
House Committee on Ways and Means
1102 Longworth House Office Bldg.
Washington, DC 20515

Re: Comments in Support of H.R. 3422

Dear Chairman Crane:

In response to your March 26, 1998 request for comments on miscellaneous trade proposals, Global Petroleum Corp. wishes to express our strong support for H.R. 3422 (Item number 72 on TR–23), introduced by Representative Sam Johnson of Texas, relating to the accounting and attribution rules for duty drawback on petroleum products.

We and others in the industry thought the Customs Modernization Act, passed in 1993 [included in the NAFTA Implementation Act] settled this issue once and for all. That law provided a quantitative accounting procedure for petroleum drawback claims so we would not have to track the actual molecules of the product through all the pipelines and tanks that it may travel, commingled with like product from other sources.

However, there appears to be confusion by Customs on how to implement this provision. Their apparent interpretation would once again require the "tracking of molecules"—a result clearly not intended by the Customs Modernization Act. That is why H.R. 3422 is needed to clarify the original intent of the Customs Modernization Act that selected petroleum products should be tracked on a quantitative basis for purposes of substitution drawback.

The legislation would force Customs to do what Congress directed in 1993. As such, this technical clarification will take effect as if included in the 1993 law. We urge this Subcommittee to pass H.R. 3422 at the earliest opportunity.

Thank you for your attention to this issue.

Very truly yours,

ALFRED A. SLIFKA
President

AAS/mdc

GULF COAST DRAWBACK SERVICES, INC.
KATY, TEXAS 77450
May 1, 1998

The Honorable Philip M. Crane
Chairman, Subcommittee on Trade
House Committee on Ways and Means
1102 Longworth House Office Building
Washington, D.C. 20515

RE: Comments in Support of H.R. 3422

Dear Chairman Crane:

In response to your March 26, 1998 request for comments on miscellaneous trade proposals, Gulf Coast Drawback Services, Inc. wishes to express our strong support for H.R. 3422 (Item number 72 on TR–23), introduced by Representative Sam Johnson of Texas, relating to the accounting and attribution rules for duty drawback on petroleum products.

We and others in the industry thought the Customs Modernization Act, passed in 1993 [included in the NAFTA Implementation Act] settled this issue once and for all. That law provided a quantitative accounting procedure for petroleum drawback claims so we would not have to track the actual molecules of the product through all the pipelines and tanks that it may travel, commingled with like product from other sources.

The action that precipitated the passage and subsequent amendment to § 1313(p) was Customs Service Decision 88–1. This decision required companies to track any product which was commingled with other products utilizing an approved accounting methodology (I.E. FIFO, LIFO, etc.) on a daily, tank by tank basis. The Congress passed § 1313(p) in section 484A of the Trade Act of 1990 (P.L. 101–382). This law allowed for quantitative accounting within a common storage facility, which eased the accounting burden on petroleum companies for a range of petroleum products. Subsequent to the passage of this law, Customs took the position that P.L. 101–382 only allowed for the simplified accounting procedures once the product reached the common storage facility from where the export took place.

As stated above, Congress amended § 1313(p) in 1993 whereby the House Report states that: "Section 632 allows accounting for crude petroleum and petroleum derivatives on a quantitative basis." Furthermore, within the same legislative intent language, the Congress issued its reason for change as follows: "The Committee amendment to subsection (p) of 19 U.S.C. 1313 permits effective use of present law and substantially reduces paperwork for the industry and administrative costs for the Government."

However, Customs' apparent interpretation would once again require the "tracking of molecules"—by requiring industry to apply the principles within C.S.D. 88–1 to § 1313(p)(2)(A)(iv). This seems to contradict Congress' intent and goals set forth within the Customs Modernization Act. This is why H.R. 3422 is needed to clarify the original intent of the Customs Modernization Act that selected petroleum products should be tracked on a quantitative basis for purposes of substitution drawback.

If this legislation is passed, we believe that the overriding goal of drawback—promoting U.S. exports—will be met. Since the industry will have certainty that the law allows for drawback on petroleum products on a quantitative basis, the drawback will be included in calculating the economic viability of a possible export transaction.

The legislation would force Customs to do what Congress directed in 1993. As such, this technical clarification will take effect as if included in the 1993 law. We urge this Subcommittee to pass H.R. 3422 at the earliest opportunity.

Thank you for your attention to this issue.

Sincerely,

BOBBY WAID
President

HOUSTON MARINE SERVICES, INC.
HOUSTON, TEXAS 77007
April 27, 1998

The Honorable Philip M. Crane
Chairman, Subcommittee on Trade
House Committee on Ways and Means
1102 Longworth House Office Building
Washington, D.C. 20515

Re: Comments in Support of H.R. 3422

Dear Chairman Crane:

In response to your March 26, 1998 request for comments on miscellaneous trade proposals, Houston Marine Services, Inc. wishes to express our strong support for H.R. 3422 (Item number 72 on TR–23), introduced by Representative Sam Johnson of Texas, relating to the accounting of attribution rules for duty drawback on petroleum products.

We and others in the industry thought the Customs Modernization Act, passed in 1993 (included in the NAFTA Implementation Act) settled this issue once and for all. That law provided a quantitative accounting procedure for petroleum drawback claims so we would not have to track the actual molecules of the product through all the pipelines and tanks that it may travel, commingled with the like product from other sources.

However, there appears to be confusion by Customs on how to implement this provision. Their apparent interpretation would once again require the "tracing of molecules"—a result clearly not intended by the Customs Modernization Act. That is why H.R. 3422 is needed to clarify the original intent of the Customs Modernization Act that selected petroleum products should be tracked on a quantitative basis for purposes of substitution drawback.

The legislation would force Customs to do what Congress directed in 1993. As such, this technical clarification will take effect as if included in the 1993 law. We urge this Subcommittee to pass H.R. 3422 at the earliest opportunity.

Thank you for your attention to this issue.

Sincerely,

GEREN L. GRAHAM
President

GLG:kyp

ITOCHU INTERNATIONAL INC.
HOUSTON BRANCH
April 22, 1998

The Honorable Philip M. Crane
Chairman, Subcommittee on Trade
House Committee on Ways and Means
1102 Longworth House Office Building
Washington, DC 20515

RE: Comments in Support of H.R. 3422

Dear Chairman Crane:

In response to your March 26, 1998 request for comments on miscellaneous trade proposals, ITOCHU International Inc. wishes to express our strong support for H.R. 3422 (Item number 72 on TR–23), introduced by Representative Sam Johnson of Texas, relating to the accounting and attribution rules for duty drawback on petroleum products.

We and others in the industry thought the Customs Modernization Act, passed in 1993 [included in the NAFTA Implementation Act] settled this issue once and for all. That law provided a quantitative accounting procedure for petroleum drawback claims so we would not have to track the actual molecules of the product though all the pipelines and tanks that it may travel, commingled with like product from other sources.

However, there appears to be confusion by Customs on how to implement this provision. Their apparent interpretation would once again require the "tracking of molecules"—a result clearly not intended by the Customs Modernization Act. That is why H.R. 3422 is needed to clarify the original intent of the Customs Modernization Act that selected petroleum products should be tracked on a quantitative basis for purposes of substitution drawback.

The legislation would force Customs to do what Congress directed in 1993. As such, this technical clarification will take effect as if included in the 1993 law. We urge this Subcommittee to pass H.R. 3422 at the earliest opportunity.

Thank you for you attention to this issue.

Sincerely,

DANIEL K. MARUYAMA
Manager, Gasoline Blending

MATRIX MARINE FUELS
HOUSTON, TEXAS 77213–6907
April 24, 1998

The Honorable Philip M. Crane
Chairman, Subcommittee on Trade
House Committee on Ways and Means
1102 Longworth House Office Building
Washington, D.C. 20515

RE: Comments in Support of H.R. 3422

Dear Chairman Crane:

In response to your March 26, 1998 request for comments on miscellaneous trade proposals, Matrix Marine Fuels wishes to express our strong support for H.R. 3422 (Item number 72 on TR–23), introduced by Representative Sam Johnson of Texas, relating to the accounting and attribution rules for duty drawback on petroleum products.

We and others in the industry thought the Customs Modernization Act, passed in 1993 [included in the NAFTA Implementation Act] settled this issue once and for all. That law provided a quantitative accounting procedure for petroleum drawback claims so we would not have to track the actual molecules of the product through all the pipelines and tanks that it may travel, commingled with like product from other sources.

However, there appears to be confusion by Customs on how to implement this provision. Their apparent interpretation would once again require the "tracking of molecules"—a result clearly not intended by the Customs Modernization Act. That is why H.R. 3422 is needed to clarify the original intent of the Customs Modernization Act that selected petroleum products should be tracked on a quantitative basis for purposes of substitution drawback.

The legislation would force Customs to do what Congress directed in 1993. As such, this technical clarification will take effect as if included in the 1993 law. We urge this Subcommittee to pass H.R. 3422 at the earliest opportunity.

Thank you for your attention to this issue.

Sincerely,

RON DISBRO
Executive Vice-President

MIECO INC.
LONG BEACH, CA 90802–4828
April 22, 1998

The Honorable Philip M. Crane
Chairman, Subcommittee on Trade
House Committee on Ways and Means
1102 Longworth House Office Building

RE: Comments in Support of H.R. 3422

Dear Chairman Crane:

In response to your March 26, 1998 request for comments on miscellaneous trade proposals, MIECO Inc. wishes to express our strong support for H.R. 3422. (Item number 72 on TR–23), introduced by Sam Johnson of Texas, relating to the accounting and atribution rules for duty drawback on petroleum products.

We and others in the industry thought the Customs Modernization Act, passed in 1993 [included in the NAFTA Implementation Act] settled this issue once and for all. That law provided a quantitative accounting procedure for petroleum drawback claims so we would not have to track the actual molecules of the product through all the pipelines and tanks that it may travel, commingled with like product with other sources.

However, there appears to be confusion by customs on how to implement this provision. their apparent interpretation would once again require the "tracking of molecules"—a result clearly not intended by the Customs Modernization Act. That is why H.R. 3422 is needed to clarify the original intent of the Customs Modernization

Act that selected petroleum products should be tracked on a quantitative basis for purpose of substitution drawback.

The legislation would force Customs to do what Congress directed in 1993. As such, this technical clarification will take effect as if included in the 1993 law. We urge this Subcommittee to pass H.R. 3422 at the earliest opportunity.

Thank you for your attention to this issue.

Sincerely,

DOUG JETER
Senior Vice President / CFO

MOBIL INTERNATIONAL AVIATION AND MARINE SALES INC.
FAIRFAX, VIRGINIA 22037–0001
May 1, 1998

The Honorable Philip M. Crane
Chairman-Subcommittee on Trade
House Committee on Ways and Means
1102 Longworth House Office Building
Washington, DC 20515

RE: Comment in Support of Items 72 and 73 on TR–23

Dear Chairman Crane:

In response to your March 26, 1998 request for comments on miscellaneous trade proposals, Mobil International Aviation and Marine Sales wishes to express our strong support for H.R. 3422 (Item number 72 on TR–23), introduced by Representative Sam Johnson of Texas, relating to the accounting and attribution rules for duty drawback on petroleum products.

Congress addressed this issue in detail in 1993, as part of the Customs Modernization Act (included in the NAFTA Implementation Act). That law provided special accounting rules to allow the petroleum industry to account for selected petroleum products on a quantitative basis for purposes of filing duty drawback claims. Without that provision, in order to file certain drawback claims for product that is exported, companies like our own would have to track the actual molecules of petroleum products as they travel through a complex series of pipelines and tanks, commingled with like product from other sources. This, of course, presents an impossible accounting task that in effect would prevent us from obtaining duty drawback for exports of many petroleum products.

We and others in the industry thought the Customs Modernization Act provision settled the matter once and for all. However, it appears that additional clarification is necessary since Customs has taken a position that still requires molecule tracking rather than quantitative accounting for purposes of substitution drawback.

This legislation would clarify what Congress directed be done back in 1993 and thus would take affect as if included in the 1993 law since otherwise U.S. exporters will be denied duty drawback claims for exports the law was intended to cover. Therefore, we urge this Subcommittee pass H.R. 3422.

Alternatively, we support enactment of H.R. 3423 (Item number 73 on TR–23). H.R. 3423 is nearly identical to H.R. 3422. The only difference is that this bill would take effect upon the date or enactment, while the other legislation, H.R. 3422, would take effect as if included in the original 1993 law that sought to make this change. Since this legislation would direct Customs to do what Congress directed in 1993, we believe the effective date of H.R. 3422 is far more appropriate. This in no way diminishes our overall support for the provisions of H.R. 3423, which remains a viable alternative in the event the at H.R. 3422 does not gain the Subcommittee's approval.

Thank you for your interest and attention to this issue.

Sincerely,

HERB V. RUSK
General Manager Aviation

MONTELL USA, INC.
WILMINGTON, DE 19850–5439
April 29, 1998

The Honorable Philip M. Crane
Chairman, Subcommittee on Trade
House Committee on Ways and Means
1102 Longworth House Office Building
Washington, D.C. 20515

RE: Comments in Support of H.R. 3422

Dear Chairman Crane:

In response to your March 26, 1998 request for comments on miscellaneous trade proposals, Montell USA, Inc. wishes to express our strong support for H.R. 3422 (Item number 72 on TR–23), introduced by Representative Sam Johnson of Texas, relating to the accounting and attribution rules for duty drawback on petroleum products.

We and others in the industry thought the Customs Modernization Act, passed in 1993 (included in the NAFTA Implementation Act) settled this issue once and for all. That law provided a quantitative accounting procedure for petroleum drawback claims so we would not have to track the actual molecules of the product through all the pipelines and tanks that it may travel, commingled with like product from other sources.

However, there appears to be confusion by Customs on how to implement this provision. Their apparent interpretation would once again require the "tracking of molecules"—a result clearly not intended by the Customs Modernization Act. That is why H.R. 3422 is needed to clarify the original intent of the Customs Modernization Act that selected petroleum products should be tracked on a quantitative basis for purposes of substitution drawback.

The legislation would force Customs to do what Congress directed in 1993. As such, this technical clarification will take effect as if included in the 1993 law. We urge this Subcommittee to pass H.R. 3422 at the earliest opportunity.

Thank you for your attention to this issue.

Sincerely,

BERNARD F. LEBLANC
Director, Transportation & Distribution

BFL:HR3422

NATIONAL CUSTOMS BROKERS & FORWARDERS ASSOCIATION OF AMERICA
WASHINGTON, DC 20036
May 2, 1998

The Honorable Philip M. Crane
Chairman, Subcommittee on Trade
1104 Longworth House Office Building
Washington, DC 20515–6354

Dear Chairman Crane:

In response to your request for comments in connection with miscellaneous trade bills (TR–23), we express our strong support of H.R. 3422 and 3423, introduced by Representative Sam Johnson. These bills contain technical amendments to P.L. 103–182 ("Customs Modernization Act") needed to clarify the drawback provisions of the law.

While the industry believed that the issue of tracking petroleum products for drawback purposes was resolved by section 632 of P.L. 103–182, the Customs Service has continued the practice of requiring "tracking of molecules." These bills will make it clear that it was Congress' intent to require that petroleum products be tracked on a quantitative basis, for purposes of drawback, as of effective date of the section 632 provision.

We would appreciate the subcommittee's support of these bills

Sincerely,

PETER H. POWELL, SR.
President

NORTHVILLE INDUSTRIES CORP.
MELVILLE, NEW YORK 11747–0398
April 24, 1998

The Honorable Philip M. Crane
Chairman, Subcommittee on Trade
House Committee on Ways and Means
1102 Longworth House Office Building
Washington, D.C. 20515

RE: Comments in Support of H.R. 3422

Dear Chairman Crane:

In response to your March 26, 1998 for comments on miscellaneous trade proposals, Northville Industries Corp. wishes to express our strong support for H.R. 3422 (Item number 72 on TR–23), introduced by Representative Sam Johnson of Texas, relating to the accounting and attribution rules for duty drawback on petroleum products.

We and others in the industry thought the Customs Modernization Act, passed in 1993 (included in the NAFTA Implementation Act) settled this issue once and for all. That law provided a quantitative accounting procedure for petroleum drawback claims so we would not have to track the actual molecules of the product through all the pipelines and tanks that it may travel, commingled with like product from other sources.

However, there appears to be confusion by Customs on how to implement this provision. Their apparent interpretation would once again require the "tracking of molecules"—a result clearly not intended by the Customs Modernization Act. That is why H.R. 3422 is needed to clarify the original intent of the Customs Modernization Act that selected petroleum products should be tracked on a quantitative basis for purposes of substitution drawback.

The legislation would force Customs to do what Congress directed in 1993. As such, this technical clarification will take effect as if included in the 1993 law. We urge this Subcommittee to pass H.R. 3422 at the earliest opportunity.

Thank you for your attention to this issue.

Sincerely,

ELIZABETH ANN MCCONAGHY
Vice President and Assistant General Counsel

PHIBRO INC.
WESTPORT, CT 06880–6262
April 30, 1998

The Honorable Philip M. Crane
Chairman, Subcommittee on Trade
House Committee on Ways and Means
1102 Longworth House Office Building
Washington, D.C. 20515

RE: Comments in Support of H.R. 3422

Dear Chairman Crane:

In response to your March 26, 1998 request for comments on miscellaneous trade proposals, Phibro Inc. wishes to express our strong support for H.R. 3422 (Item number 72 on TR–23), introduced by Representative Sam Johnson of Texas, relating to the accounting and attribution rules for duty drawback on petroleum products.

We and others in the industry thought the Customs Modernization Act, passed in 1993 [included in the NAFTA Implementation Act] settled this issue once and for all. That law provided a quantitative accounting procedure for petroleum drawback claims so we would not have to track the actual molecules of the product through all the pipelines and tanks that it may travel, commingled with like product from other sources.

However, there appears to be confusion by Customs on how to implement this provision. Their apparent interpretation would once again require the "tracking of molecules"—a result clearly not intended by the Customs Modernization Act. That is why H.R. 3422 is needed to clarify the original intent of the Customs Modernization Act that selected petroleum products should be tracked on a quantitative basis for purposes of substitution drawback.

The legislation would force Customs to do what Congress directed in 1993. As such, this technical clarification will take effect as if included in the 1993 law. We urge this Subcommittee to pass H.R. 3422 at the earliest opportunity.

Thank you for your attention to this issue.

Sincerely,

MICHAEL N. CASTELLANO
Vice President and Controller

ROHM AND HAAS COMPANY
PHILADELPHIA, PA 19106–2399
April 24, 1998

The Honorable Philip M. Crane
Chairman, Subcommittee on Trade
House Committee on Ways and Means
1102 Longworth House Office Building
Washington, D.C. 20515

RE: Comments in Support of H.R. 3422

Dear Chairman Crane:

In response to your March 26, 1998 request for comments on miscellaneous trade proposals, Rohm and Haas Company wishes to express our strong support for H.R. 3422 (Item number 72 on TR–23), introduced by Representative Sam Johnson of Texas, relating to the accounting and attribution rules for duty drawback on petroleum products.

We and others in the industry thought the Customs Modernization Act, passed in 1993 [included in the NAFTA Implementation Act] settled this issue once and for all. That law provided a quantitative accounting procedure for petroleum drawback claims so we would not have to track the actual molecules of the product through all the pipelines and tanks that it may travel, commingled with like product from other sources.

However, there appears to be confusion by Customs on how to implement this provision. Their apparent interpretation would once again require the "tracking of molecules"—a result clearly not intended by the Customs Modernization Act. That is why H.R. 3422 is needed to clarify the original intent of the Customs Modernization Act that selected petroleum products should be tracked on a quantitative basis for purposes of substitution drawback.

The legislation would force Customs to do what Congress directed in 1993. As such, this technical clarification will take effect as if included in the 1993 law. We urge this Subcommittee to pass H.R. 3422 at the earliest opportunity.

Thank you for your attention to this issue.

Sincerely,

JOHN P. MULRONEY
President and Chief Operating Officer

SHELL OIL COMPANY
HOUSTON, TX 77252–2463
April 30, 1998

The Honorable Philip M. Crane
Chairman, Subcommittee on Trade
House Committee on Ways and Means
1102 Longworth House Office Building
Washington, D.C. 20515

RE: Comments in Support of H.R. 3422

Dear Chairman Crane:

In response to your March 26, 1998, request for comments on miscellaneous trade proposals, Shell Oil Company wishes to express our strong support for H.R. 3422 (Item number 72 on TR–23), introduced by Representative Sam Johnson of Texas, relating to the accounting and attribution rules for duty drawback on petroleum products.

We and others in the industry thought the Customs Modernization Act, passed in 1993 [included in the NAFTA Implementation Act] settled this issue once and for all. that law provided a quantitative accounting procedure for petroleum drawback claims so we would *not* have to track the actual molecules of the product through all the pipelines and tanks that it may travel, commingled with like product from other sources.

However, there appears to be confusion by Customs on how to implement this provision. Their apparent interpretation would once again require the "tracking of molecules"—a result clearly not intended by the Customs Modernization Act. That is why H.R. 3422 is needed to clarify the original intent of the Customs Modernization Act that selected petroleum products should be tracked on a quantitative basis for purposes of substitution drawback.

The legislation would force Customs to do what Congress directed in 1993. As such, this technical clarification will take effect as if included in the 1993 law. We urge this Subcommittee to pass H.R. 3422 at the earliest opportunity.

Thank you for your attention to this issue.

Sincerely,

STEPHEN E. WARD
Vice President, Government Affairs

STATOIL MARKETING & TRADING (US) INC.
STAMFORD, CT 06905
April 23, 1998

The Honorable Philip M. Crane
Chairman, Subcommittee on Trade
House Committee on Ways and Means
1102 Longworth House Office Building
Washington, D.C. 20515

RE: Comments in Support of H.R. 3422

Dear Chairman Crane:

In response to your March 26, 1998 request for comments on miscellaneous trade proposals, Statoil Marketing & Trading (US) Inc. wishes to express our strong support for H.R. 3422 (Item number 72 on TR–23), introduced by Representative Sam Johnson of Texas, relating to the accounting and attribution rules for duty drawback on petroleum products.

We and others in the industry thought the Customs Modernization Act, passed in 1993 [included in the NAFTA Implementation Act] settled this issue once and for all. That law provided a quantitative accounting procedure for petroleum drawback claims so we would not have to track the actual molecules of the product through all the pipelines and tanks that it may travel, commingled with like product from other sources.

However, there appears to be confusion by Customs on how to implement this provision. Their apparent interpretation would once again require the "tracking of molecules"—a result clearly not intended by the Customs Modernization Act. That is why H.R. 3422 is needed to clarify the original intent of the Customs Modernization Act that selected petroleum products should be tracked on a quantitative basis for purposes of substitution drawback.

The legislation would force Customs to do what Congress directed in 1993. As such, this technical clarification will take effect as if included in the 1993 law. We urge this Subcommittee to pass H.R. 3422 at the earliest opportunity.

Thank you for your attention to this issue.

Sincerely,

JANE NAGY
Vice President, Operations/Chartering

STERLING CHEMICALS, INC.
HOUSTON, TEXAS 77002–4312

The Honorable Philip M. Crane
Chairman, Subcommittee on Trade
House Committee on Ways and Means
1102 Longworth House Office Building
Washington, D.C. 20515

RE: Comments in Support of H.R. 3422

Dear Chairman Crane:

In response to your March 26, 1998 request for comments on miscellaneous trade proposal, Sterling Chemicals, Inc. wishes to express our strong support for H.R. 3422 (Item number 72 on TR–23), introduced by Representative Sam Johnson of Texas, relating to the accounting and attribution rules for duty drawback on petroleum products.

We and others in the industry thought the Customs Modernization Act, passed in 1993 (included in the NAFTA Implementation Act) settled this issue once and for all. That law provided a quantitative accounting procedure for petroleum drawback claims so we would not have to track the actual molecules of the product through all the pipelines and tanks that it may travel, commingled with like product from other sources.

However, there appears to be confusion by Customs on how to implement this provision. Their apparent interpretation would once again require the "tracking of molecules"—a result clearly not intended by the Customs Modernization Act. That is why H.R. 3422 is needed to clarify the original intent of the Customs Modernization Act that selected petroleum products should be tracked on a quantitative basis for purposes of substitution drawback.

The legislation would force Customs to do what Congress directed in 1993. As such, this technical clarification will take effect as if included in the 1993 law. We urge this Subcommittee to pass H.R. 3422 at the earliest opportunity.

Thank you for your attention to this issue.

Sincerely,

WILLIAM J. MAGNUSON, JR.
Tax Manager

ULTRAMAR DIAMOND SHAMROCK CORPORATION
SAN ANTONIO, TEXAS 78269–6000
April 30, 1998

The Honorable Philip M. Crane
Chairman, Subcommittee of Trade
House Committee on Ways and Means
1102 Longworth House Office Building
Washington, D.C. 20515

RE: Comments in Support of H.R. 3422

Dear Chairman Crane:

In response to your March 26, 1998 request for comments on miscellaneous trade proposals, Ultramar Diamond Shamrock wishes to express our strong support for H.R. 3422 (Item number 72 on TR–23), introduced by Representative Sam Johnson of Texas, relating to the accounting and attribution rules for duty drawback on petroleum products.

We and others in the industry thought the Customs Modernization Act, passed in 1993 [included in the NAFTA Implementation Act] settled this issue once and for all. The law provided a quantitative accounting procedure for petroleum drawback claims so we would not have to track the actual molecules of the product through all the pipelines and tanks that it may travel, commingled with like product from other sources.

However, there appears to be confusion by Customs on how to implement this provision. Their apparent interpretation would once again require the "tracking of molecules"—a result clearly not intended by the Customs Modernization Act. That is why H.R. 3422 is needed to clarify the original intent of the Customs Modernization Act that selected petroleum products should be tracked on a quantitative basis for purposes of substitution drawback.

The legislation would force Customs to do what Congress directed in 1993. As such, this technical clarification will take effect as if included in the 1993 law. We urge this Subcommittee to pass H.R. 3422 at the earliest opportunity.

Thank you for your attention to this issue.

Sincerely,

CHERYL K. TREVOR
Director, Corporate Income Tax

CKT:cab

VALERO REFINING COMPANY-TEXAS
CORPUS CHRISTI, TEXAS 78469–9370
April 23, 1998

The Honorable Philip M. Crane
Chairman, Subcommittee on Trade
House Committee on Ways and Means
1102 Longworth House Office Building
Washington, D.C. 20515

RE: Comments in Support of H.R. 3422

Dear Chairman Crane:

In response to your March 26, 1998 request for comments on miscellaneous trade proposals, Valero Refining Company-Texas wishes to express our strong support for H.R. 3422 (Item number 72 on TR–23), introduced by Representative Sam Johnson of Texas, relating to the accounting and attribution rules for duty drawback on petroleum products.

We and others in the industry thought the Customs Modernization Act, passed in 1993 [included in the NAFTA Implementation Act] settled this issue once and for all. That law provided a quantitative accounting procedure for petroleum drawback claims so we would not have to track the actual molecules of the product through all the pipelines and tanks that it may travel, commingled with like product from other sources.

However, there appears to be confusion by Customs on how to implement this provision. Their apparent interpretation would once again require the "tracking of molecules"—a result clearly not intended by the Customs Modernization Act. That is why H.R. 3422 is needed to clarify the original intent of the Customs Modernization Act that selected petroleum products should be tracked on a quantitative basis for purposes of substitution drawback.

The legislation would force Customs to do what Congress directed in 1993. As such, this technical clarification will take effect as if included in the 1993 law. We urge this Subcommittee to pass H.R. 3422 at the earliest opportunity.

Thank you for your attention to this issue.

Sincerely,

GEORGE E. KAIN
Sr. Vice President & General Manager, Corpus Christi Refinery

WHITE & CASE LLP
WASHINGTON, D.C. 20005–3807
May 4, 1998

BY HAND

The Honorable Philip M. Crane
Chairman, Subcommittee on Trade
House Committee on Ways and Means
1102 Longworth House Office Building
Washington, D.C. 20515

Re: Comments in Support of H.R. 3422 and H.R. 3423

Dear Chairman Crane:

This letter is filed on behalf of our client, The Williams Companies, and responds to your March 26, 1998 request for comments on miscellaneous trade proposals. The Williams Companies ("Williams") wishes to express its support for H.R. 3422 and H.R. 3423 (Item numbers 72 and 73 on TR–23), which were introduced by Representative Sam Johnson of Texas and relate to the accounting and attribution rules for duty drawback on petroleum products.

Congress addressed this issue in detail in the 1993 amendment to 19 U.S.C. § 1313(p). That amendment provided special accounting rules to allow the petroleum industry to account for selected petroleum products on a quantitative basis for purposes of filing duty drawback claims. Without that provision, in order to file certain drawback claims for product that is exported, Williams and other companies would have to track the actual molecules of petroleum products as they travel through a complex series of pipelines and tanks, commingled with like product from other sources. This, of course, presents an impossible accounting task that in effect would prevent the companies from obtaining duty drawback for exports of many petroleum products.

The 1993 amendment was to have settled the matter once and for all. However, the implementation of this provision by the Customs Service prevents the provision from achieving the intended purpose. Customs' current interpretation once again requires the "tracking of molecules"—a result clearly not intended by the Customs Modernization Act. Legislation is needed to clarify the original intent of the Customs Modernization Act that selected petroleum products should be tracked on a quantitative basis for purposes of substitution drawback.

H.R. 3422 and H.R. 3423 are identical except with respect to the effective date. H.R. 3422 would take effect as if included in the original 1993 law that sought to make this change, while H.R. 3423 would be effective on the enactment date. Since H.R. 3422 legislation would require Customs to do what Congress intended in 1993, we believe the effective date of H.R. 3422 is far more appropriate. Otherwise, U.S. exporters will be denied duty drawback on U.S. exports that the law intended to cover.

Thank you for your attention to this issue.

Sincerely,

LINDA E. CARLISLE
Counsel to The Williams Companies

H.R. 3423

To amend the Tariff Act of 1930 with respect to drawback for finished petroleum derivatives.

see also American Association of Exporters and Importers under H.R. 3422

see also American Petroleum Institute under H.R. 3421

see also Independent Fuel Terminal Operators Association under H.R. 3421

see also Mobil International Aviation and Marine Sales Inc. under H.R. 3422

see also National Customs Brokers & Forwarders Association of America under H.R. 3422

see also Williams Companies under H.R. 3422

AMERICAN AGIP CO., INC.
NEW YORK, NY 10103
April 23, 1998

The Honorable Philip M. Crane
Chairman, Subcommittee on Trade
House Committee on Ways and Means
1102 Longworth House Office Building
Washington, D.C. 20515

RE: Comments in Support of H.R. 3423

Dear Chairman Crane:

In response to your March 26, 1998 request for comments on miscellaneous trade proposals, American Agip Co., Inc. wishes to express our support for H.R. 3423 (Item number 73 on TR–23), introduced by Representative Sam Johnson of Texas, relating to the accounting and attribution rules for duty drawback on petroleum products.

Congress addressed this issue in detail in 1993, as part of the Customs Modernization Act [included in the NAFTA Implementation Act]. That law provided special accounting rules to allow the petroleum industry to account for selected petroleum products on a quantitative basis for purposes of filing duty drawback claims. Without that provision, in order to file certain drawback claims for product that is exported, companies like our own would have to track the actual molecules of petroleum products as they travel through a complex series of pipelines and tanks, commingled with like product from other sources. This, of course, presents an impossible accounting task that in effect would prevent us from us from obtaining duty drawback for exports of many petroleum products.

We and others in the industry thought the Customs Modernization Act provision settled the matter once and for all. However, there appears to be confusion by Customs on how to implement this provision. Their apparent interpretation would once again require the "tracking of molecules"—a result clearly not intended by the Customs Modernization Act. That is why H.R. 3423 is needed to clarify the original intent of the Customs Modernization Act that selected petroleum products should be tracked on a quantitative basis for purposes of substitution drawback.

H.R. 3423 is nearly identical to another bill, H.R. 3422, which is also the subject of this comment process. The only difference is that this bill would take effect upon the date of enactment, while the other legislation, H.R. 3422, would take effect as if included in the original 1993 law that sought to make this change. Since this legislation would force Customs to do what Congress directed in 1993, we believe the effective date of H.R. 3422 is far more appropriate. Otherwise, U.S. exporters will be denied duty drawback on U.S. exports that the law intended to cover. To prevent this unjust result, we think the best approach is for the Subcommittee to approve the H.R. 3422 version. However, this in no way diminishes our overall support for the provisions of this bill, H.R. 3423, which remains a viable alternative in the event H.R. 3422 does not gain the Subcommittee's approval.

Thank you for your attention to this issue.

Sincerely,

FRANCESCO ANTONIETTI
President

BASIS CLEARING, INC.
WESTPORT, CT 06880
April 30, 1998

The Honorable Philip M. Crane
Chairman, Subcommittee on Trade
House Committee on Ways and Means
1102 Longworth House Office Building
Washington, D.C. 20515

RE: Comments in Support of H.R. 3423

Dear Chairman Crane:

In response to your March 26, 1998 request for comments on miscellaneous trade proposals, Basis Clearing, Inc. wishes to express our support for H.R. 3423 (Item number 73 on TR–23), introduced by Representative Sam Johnson of Texas, relating to the accounting and attribution rules for duty drawback on petroleum products.

Congress addressed this issue in detail in 1993, as part of the Customs Modernization Act [included in the NAFTA Implementation Act]. That law provided special accounting rules to allow the petroleum industry to account for selected petroleum products on a quantitative basis for purposes of filing duty drawback claims. Without that provision, in order to file certain drawback claims for product that is exported, companies like our own would have to track the actual molecules of petroleum products as they travel through a complex series of pipelines and tanks, commingled with like product from other sources. This, of course, presents an impossible accounting task that in effect would prevent us from obtaining duty drawback for exports of many petroleum products.

We and others in the industry thought the Customs Modernization Act provision settled the matter once and for all. However, there appears to be confusion by Customs on how to implement this provision. Their apparent interpretation would once again require the "tracking of molecules"—a result clearly not intended by the Customs Modernization Act. That is why H.R. 3423 is needed to clarify the original intent of the Customs Modernization Act that selected petroleum products should be tracked on a quantitative basis for purposes of substitution drawback.

H.R. 3423 is nearly identical to another bill, H.R. 3422, which is also the subject of this comment process. The only difference is that this bill would take effect upon the date of enactment, while the other legislation, H.R. 3422, would take effect as if included in the original 1993 law that sought to make this change. Since this legislation would force Customs to do what Congress directed in 1993, we believe the effective date of H.R. 3422 is far more appropriate. Otherwise, U.S. exporters will be denied duty drawback on U.S. exports that the law intended to cover. To prevent this unjust result, we think the best approach is for the Subcommittee to approve the H.R. 3422 version. However, this in no way diminishes our overall support for the provisions of this bill, H.R. 3423, which remains a viable alternative in the event H.R. 3422 does not gain the Subcommittee's approval.

Thank you for your attention to this issue.

Sincerely,

WAYNE KUBICEK
Director

CHEVRON PRODUCTS COMPANY
April 30, 1998

The Honorable Philip M. Crane
Chairman, Subcommittee on Trade
House Committee on Ways and Means
1102 Longworth House Office Building
Washington, D. C. 20515

RE: Comments in Support of H.R. 3423

Dear Chairman Crane:

In response to your March 26, 1998 request for comments on miscellaneous trade proposals, Chevron U.S.A. Inc. wishes to express its strong support for H.R. 3423 (Item number 73 on TR–23), introduced by Representative Sam Johnson of Texas, relating to the accounting and attribution rules for duty drawback on petroleum products.

Congress addressed this issue in detail in 1993, as part of the Customs Modernization Act [included in the NAFTA Implementation Act]. That law provided special accounting rules to allow the petroleum industry to account for selected petroleum products on a quantitative basis for purposes of filing duty drawback claims. Without that provision, in order to file certain drawback claims for product that is exported, companies like our own would have to track the actual molecules of petroleum products as they travel through a complex series of pipelines and tanks, commingled with like product from other sources. This, of course, presents an impossible accounting task that in effect would prevent us from obtaining duty drawback for exports of many petroleum products.

We thought the Customs Modernization Act provision settled the matter once and for all. However, Customs apparent interpretation of this Act would once again require the "tracking of molecules"—a result clearly not intended by Congress. That is why H.R. 3423 is needed to clarify the intent of the Act that selected petroleum products should be tracked on a quantitative basis for purposes of substitution drawback.

The only difference between H.R. 3423 and another bill, H.R. 3422 is that this bill would take effect upon the date of enactment, while the other would take effect as if included in the original 1993 Modernization Act. While we believe the effective date of H.R. 3422 is far more appropriate, and would reflect the original intent of Congress in enacting the 1993 legislation, prospective application would be superior to no clarification at all.

Thank you for your attention on this issue.

Sincerely,

KEN ZEE
Team Leader, Management Reporting and Regulatory Compliance

CITGO PETROLEUM CORPORATION
TULSA, OKLAHOMA 74102
May 4, 1998

The Honorable Philip M. Crane
Chairman, Subcommittee on Trade
House Committee on Ways and Means
1102 Longworth House Office Building
Washington, D.C. 20515

RE: Comments in Support of H.R. 3423

Dear Chairman Crane,

CITGO Petroleum Corporation is a major refining, marketing and transportation company with 5,000 employees, 6 major manufacturing facilities, ownership of 54 marketing terminals and a product supplier to more than 14,000 branded gasoline stations.

CITGO wishes to express our strong support for H.R. 3423 (Item number 73 on TR–23), introduced by Representative Sam Johnson relating to the accounting and attribution rules for duty drawback on petroleum products.

Congress addressed this issue in detail in 1993, as part of the Customs Modernization Act (included in the NAFTA Implementation Act). That law provided special accounting rules to allow the petroleum industry to account for selected petroleum products on a quantitative basis for purposes of filing duty drawback claims. Without that provision, in order to file certain drawback claims for product that is exported, companies like ours would have to track the actual molecules of petroleum products as they travel through a complex series of pipelines and tanks, commingled with like product from other sources. This, of course, presents an impossible accounting task that in effect would prevent us from us from obtaining duty drawback for exports of many petroleum products.

We and others in the industry thought the Customs Modernization Act provision settled the matter once and for all. However, there appears to be confusion by Customs on how to implement this provision. Their apparent interpretation would once again require the "tracking of molecules"—a result clearly not intended by the Customs Modernization Act. That is why H.R. 3423 is needed to clarify the original intent of the Act that petroleum products should be tracked on a quantitative basis for purposes of substitution drawback.

H.R. 3423 is nearly identical to another proposed bill, H.R. 3422, which is also the subject of this comment process. The only difference is that this bill would take effect upon the date of enactment, while the other proposed bill, H.R. 3422, would take effect as if included in the original 1993 law that sought to make this change. Since this legislation would force Customs to do what Congress directed in 1993, we believe the effective date of H.R. 3422 is far more appropriate. Otherwise, U.S. exporters will be denied duty drawback on U.S. exports that the law covers. To prevent this unjust result, we think the best approach is for the Subcommittee to approve the H.R. 3422 version. However, this in no way diminishes our overall support for the provisions of this bill, H.R. 3423, which remains a viable alternative in the event H.R. 3422 does not gain the Subcommittee's approval.

Thank you for your attention to this issue.

Sincerely,

EZRA C. HUNT
Senior Vice President, Chief Financial Officer

cc. A.L. Singleton, Chief of Staff

CONOCO INC
PONCA CITY, OK 74602–1267
April 29, 1998

The Honorable Philip M. Crane
Chairman, Subcommittee on Trade
House Committee on Ways and Means
1102 Longworth House Office Building
Washington, D.C. 20515

RE: Comments in Support of H.R. 3423

Dear Chairman Crane:

In response to your March 26, 1998 request for comments on miscellaneous trade proposals, Conoco Inc. wishes to express our support for H.R. 3423 (Item number 73 on TR–23), introduced by Representative Sam Johnson of Texas, relating to the accounting and attribution rules for duty drawback on petroleum products.

Congress addressed this issue in detail in 1993, as part of the Customs Modernization Act [included in the NAFTA Implementation Act]. That law provided special accounting rules to allow the petroleum industry to account for selected petroleum products on a quantitative basis for purposes of filing duty drawback claims. Without that provision, in order to file certain drawback claims for product that is exported, companies like our own would have to track the actual molecules of petroleum products as they travel through a complex series of pipelines and tanks, commingled with like product from other sources. This, of course, presents an impossible accounting task that in effect would prevent us from obtaining duty drawback for exports of many petroleum products.

We and others in the industry thought the Customs Modernization Act provision settled the matter once and for all. However, there appears to be confusion by Customs on how to implement this provision. Their apparent interpretation would once again require the "tracking of molecules"—a result clearly not intended by the Customs Modernization Act. That is why H.R. 3423 is needed to clarify the original intent of the Customs Modernization Act that selected petroleum products should be tracked on a quantitative basis for purposes of substitution drawback.

H.R. 3423 is nearly identical to another bill, H.R. 3422, which is also the subject of this comment process. The only difference is that this bill would take effect upon the date of enactment, while the other legislation, H.R. 3422, would take effect as if included in the original 1993 law that sought to make this change. Since this legislation would force Customs to do what Congress directed in 1993, we believe the effective date of H.R. 3422 is far more appropriate. Otherwise, U.S. exporters will be denied duty drawback on U.S. exports that the law intended to cover. To prevent this unjust result, we think the best approach is for the Subcommittee to approve the H.R. 3422 version. However, this in no way diminishes our overall support for the provisions of this bill, H.R. 3423, which remains a viable alternative in the event H.R. 3422 does not gain the Subcommittee's approval.

Thank you for your attention to this issue.

Sincerely,

JAMES A. MCDONALD
Director, Excise Tax Division, UPNA—Leveraged Services

THE DOW CHEMICAL COMPANY
LAKE JACKSON, TX 77566

The Honorable Philip M. Crane
Chairman, Subcommittee on Trade
House Committee on Ways and Means
1102 Longworth House Office Building
Washington, D.C. 20515

RE: Comments in Support of H.R. 3423

Dear Chairman Crane:

In response to your March 26, 1998 request for comments on miscellaneous trade proposals, The Dow Chemical Company wishes to express our support for H.R. 3423 (Item number 73 on TR–23), introduced by Representative Sam Johnson of Texas, relating to the accounting and attribution rules for duty drawback on petroleum products.

Congress addressed this issue in detail in 1993, as part of the Customs Modernization Act [included in the NAFTA Implementation Act]. That law provided special accounting rules to allow the petroleum industry to account for selected petroleum products on a quantitative basis for purposes of filing duty drawback claims. Without that provision, in order to file certain drawback claims for product that is exported, companies like our own would have to track the actual molecules of petroleum products as they travel through a complex series of pipelines and tanks, commingled with like product from other sources. This, of course, presents an impossible accounting task that in effect would prevent us from us from obtaining duty drawback for exports of many petroleum products.

We and others in the industry thought the Customs Modernization Act provision settled the matter once and for all. However, there appears to be confusion by Customs on how to implement this provision. Their apparent interpretation would once again require the "tracking of molecules"—a result clearly not intended by the Customs Modernization Act. That is why H.R. 3423 is needed to clarify the original intent of the Customs Modernization Act that selected petroleum products should be tracked on a quantitative basis for purposes on substitution drawback.

H.R. 3423 is nearly identical to another bill, H.R. 3422, which is also the subject of this comment process. The only difference is that this bill would take effect upon the date of enactment, while the other legislation, H.R. 3422, would take effect as if included in the original 1993 law that sought to make this change. Since this legislation would force Customs to do what Congress directed in 1993, we believe the effective date of H.R. 3422 is far more appropriate. Otherwise, U.S. exporters will be denied duty drawback on U.S. exports that the law intended to cover. To prevent this unjust result, we think the best approach is for the Subcommittee to approve the H.R. 3422 version. However, this in no way diminishes our overall support for the provisions of this bill, H. R. 3423, which remains a viable alternative in the event H. R. 3422 does not gain the Subcommittee's approval.

Thank you for your attention to this issue.

Sincerely,

JOHN D. WILLIAMS
Import Services Manager

ECOFUEL S.P.A.
April 23, 1998

The Honorable Philip M. Crane
Chairman, Subcommittee on Trade
House Committee on Ways and Means
1102 Longworth House Office Building
Washington, D.C. 20515

RE: Comments in Support of H.R. 3423

Dear Chairman Crane:

In response to your March 26, 1998 request for comments on miscellaneous trade proposals, Ecofuel S.p.A. wishes to express our support for H.R. 3423 (Item number 73 on TR–23), introduced by Representative Sam Johnson of Texas, relating to the accounting and attribution rules for duty drawback on petroleum products.

Congress addressed this issue in detail in 1993, as part of the Customs Modernization Act [included in the NAFTA Implementation Act]. That law provided special accounting rules to allow the petroleum industry to account for selected petroleum products on a quantitative basis for purposes of filing duty drawback claims. Without that provision, in order to file certain drawback claims for product that is exported, companies like our own would have to track the actual molecules of petroleum products as they travel through a complex series of pipelines and tanks, commingled with like product from other sources. This, of course, presents an impossible accounting task that in effect would prevent us from us from obtaining duty drawback for exports of many petroleum products.

We and others in the industry thought the Customs Modernization Act provision settled the matter once and for all. However, there appears to be confusion by Customs on how to implement this provision. Their apparent interpretation would once again require the "tracking of molecules"—a result clearly not intended by the Customs Modernization Act. That is why H.R. 3423 is needed to clarify the original intent of the Customs Modernization Act that selected petroleum products should be tracked on a quantitative basis for purposes of substitution drawback.

H.R. 3423 is nearly identical to another bill, H.R. 3422, which is also the subject of this comment process. The only difference is that this bill would take effect upon the date of enactment, while the other legislation, H.R. 3422, would take effect as if included in the original 1993 law that sought to make this change. Since this legislation would force Customs to do what Congress directed in 1993, we believe the effective date of H.R. 3422 is far more appropriate. Otherwise, U.S. exporters will be denied duty drawback on U.S. exports that the law intended to cover. To prevent this unjust result, we think the best approach is for the Subcommittee to approve the H.R. 3422 version. However, this in no way diminishes our overall support for the provisions of this bill, H.R. 3423, which remains a viable alternative in the event H.R. 3422 does not gain the Subcommittee's approval.

Thank you for your attention to this issue.

Sincerely,

ANDREA VALERIO
Authorized Agent

ENTEC POLYMERS, INC.
MAITLAND, FL 32751

The Honorable Philip M. Crane
Chairman, Subcommittee on Trade
House Committee on Ways and Means
1102 Longworth House Office Building
Washington, D.C. 20515

RE: Comments in Support of H.R. 3423

Dear Chairman Crane:

In response to your March 26, 1998 request for comments on miscellaneous trade proposals, Entec Polymers, Inc. wishes to express our support for H.R. 3423 (Item number 73 on TR–23), introduced by Representative Sam Johnson of Texas, relating to the accounting and attribution rules for duty drawback on petroleum products.

Congress addressed this issue in detail in 1993, as part of the Customs Modernization Act [included in the NAFTA Implementation Act]. That law provided special accounting rules to allow the petroleum industry to account for selected petroleum products on a quantitative basis for purposes of filing duty drawback claims. Without that provision, in order to file certain drawback claims for product that is exported, companies like our own would have to track the actual molecules of petroleum product from other sources. This, of course, presents an impossible accounting task that would prevent us from us from obtaining duty drawback for exports of many petroleum products.

We and others in the industry thought the Customs Modernization Act provision settled the matter once and for all. However, there appears to be confusion by Customs on how to implement this provision. Their apparent interpretation would once again require the "tracking of molecules"—a result clearly not intended by the Customs Modernization Act. That is why H.R. 3423 is needed to clarify the original intent of the Customs Modernization Act that selected petroleum products should be tracked on a quantitative basis for purposes of substitution drawback.

H.R. 3423 is nearly identical to another bill, H.R. 3422, which is also the subject of this comment process. The only difference is that this bill would take effect upon the date of enactment, while the other legislation, H.R. 3422, would take effect as if included in the original 1993 law that sought to make this change. Since this legislation would force Customs to do what Congress directed in 1993, we believe the effective date of H.R. 3422 is far more appropriate. Otherwise, U.S. exporters will be denied duty drawback on U.S. exports that the law intended to cover. To prevent this unjust result, we think the best approach is for the Subcommittee to approve the H.R. 3422 version. However, this in no way diminishes our overall support for the provisions of this bill, H.R. 3423, which remains a viable alternative in the event H.R. 3422 does not gain the Subcommittee's approval.

Thank you for your attention to this issue.

Sincerely,

JAMES P. ASHTON
C.F.O.

EQUISTAR CHEMICALS, LP
HOUSTON, TEXAS 77252–2583
April 30, 1998

The Honorable Philip M. Crane
Chairman, Subcommittee on Trade
House Committee on Ways and Means
1102 Longworth House Office Building
Washington, D.C. 20515

Re: Comments in Support of H.R. 3423

Dear Chairman Crane:

In response to your March 26, 1998 request for comments on additional miscellaneous trade and tariff legislation, Equistar Chemicals, LP would like to express our strong support for H.R. 3423 (Item number 73 on TR–23) introduced by Representative Sam Johnson of Texas. This technical clarification relates to the accounting and attribution rules for duty drawback on petroleum products.

The Customs Modernization Act, passed in 1993, clearly provided a quantitative accounting procedure for petroleum drawback claims so that the tracking of the actual molecule of a product would not have to be followed through the various pipelines and tanks it may travel. This allows commingling of like product from various sources which is often in the best interest of our business. Without the use of the quantitative accounting procedure, companies such as ours would be forced to the "tracking of molecules" which is an almost impossible accounting procedure that would deny us from obtaining duty drawback on the export of many petroleum products.

However, the interpretation by Customs on the implementation of this provision requires the tracking of molecules to satisfy drawback claims. Clearly this was not the intent of the Customs Modernization Act. The passage of H.R. 3423 clarifies the intent of the Act and allows selected petroleum products to be tracked on a quantitative basis for purposes of substitution drawback.

H.R. 3423 is virtually identical to H.R. 3422 that is also a part of this comment process. The only difference is that H.R. 3422 will take effect as if included in the original 1993 Customs Modernization Act, whereas H.R. 3423 would take effect as of the date of enactment. Since the intent of this legislation is to clarify the intent of the 1993 Act, we believe the effective date of H.R. 3422 is far more appropriate. Otherwise, U.S. exporters will be denied duty drawbacks on exports that the 1993 Act intended to cover. However, H.R. 3423 is a viable alternative to H.R. 3422 in the event that H.R. 3422 does not gain the Subcommittee's approval.

Thank you for you attention to this important issue.

Sincerely,

LEROY E. PENNOCK
Manager, Accounting Services

FINA OIL AND CHEMICAL COMPANY
DALLAS, TEXAS
April 30, 1998

The Honorable Philip M. Crane
Chairman, Subcommittee on Trade
House Committee on Ways and Means
1102 Longworth House Office Building
Washington, D.C. 20515

RE: Comments in Support of H.R. 3423

Dear Chairman Crane:

In response to your March 26, 1998 request for comments on miscellaneous trade proposals, Fina Oil and Chemical Company wishes to express our support for H.R. 3423 (Item number 73 on TR–23), introduced by Representative Sam Johnson of Texas, relating to the accounting and attribution rules for duty drawback on petroleum products.

Congress addressed this issue in detail in 1993, as part of the Customs Modernization Act [included in the NAFTA Implementation Act]. That law provided special accounting rules to allow the petroleum industry to account for selected petroleum products on a quantitative basis for purposes of filing duty drawback claims. Without that provision, in order to file certain drawback claims for product that is exported, companies like our own would have to track the actual molecules of petroleum products as they travel through a complex series of pipelines and tanks, commingled with like product from other sources. This, of course, presents an impossible accounting task that in effect would prevent us from obtaining duty drawback for exports of many petroleum products.

We and others in the industry thought the Customs Modernization Act provision settled the matter once and for all. However, there appears to be confusion by Customs on how to implement this provision. Their apparent interpretation would once again require the "tracking of molecules"—a result clearly not intended by the Customs Modernization Act. That is why H.R. 3423 is needed to clarify the original intent of the Customs Modernization Act that selected petroleum products should be tracked on a quantitative basis for purposes of substitution drawback.

H.R. 3423 is nearly identical to another bill, H.R. 3422, which is also the subject of this comment process. The only difference is that this bill would take effect upon the date of enactment, while the other legislation, H.R. 3422, would take effect as if included in the original 1993 law that sought to make this change. Since this legislation would force Customs to do what Congress directed in 1993, we believe the effective date of H.R. 3422 is far more appropriate. Otherwise, U.S. exporters will be denied duty drawback on U.S. exports that the law intended to cover. To prevent this unjust result, we think the best approach is for the Subcommittee to approve the H.R. 3422 version. However, this in no way diminishes our overall support for the provisions of this bill, H.R. 3423, which remains a viable alternative in the event H.R. 3422 does not gain the Subcommittee's approval.

Thank you for your attention to this issue.

Sincerely,

KEVIN RUPP
Vice President and Controller

GEORGE E. WARREN CORPORATION—ENERGY
VERO BEACH, FLORIDA 32960–5518
April 30, 1998

The Honorable Philip M. Crane
Chairman, Subcommittee on Trade
House Committee on Ways and Means
1102 Longworth House Office Building
Washington, D.C. 20515

RE: Comments in Support of H.R. 3423

Dear Chairman Crane:

In response to your March 26, 1998 request for comments on miscellaneous trade proposals, George E. Warren Corporation wishes to express our support for H.R. 3423 (Item number 73 on TR–23), introduced by Representative Sam Johnson of Texas, relating to the accounting and attribution rules for duty drawback on petroleum products.

Congress addressed this issue in detail in 1993, as part of the Customs Modernization Act [included in the NAFTA Implementation Act]. That law provided special accounting rules to allow the petroleum industry to account for selected petroleum products on a quantitative basis for purposes of filing duty drawback claims. Without that provision, in order to file certain drawback claims for product that is exported, companies like our own would have to track the actual molecules of petroleum products as they travel through a complex series of pipelines and tanks, commingled with like product from other sources. This, of course, presents an impossible accounting task that in effect would prevent us from obtaining duty drawback for exports of many petroleum products.

We and others in the industry thought the Customs Modernization Act provision settled the matter once and for all. However, there appears to be confusion by Customs on how to implement this provision. Their apparent interpretation would once again require the "tracking of molecules"—a result clearly not intended by the Customs Modernization Act. That is why H.R. 3423 is needed to clarify the original intent of the Customs Modernization Act that selected petroleum products should be tracked on a quantitative basis for purposes of substitution drawback.

H.R. 3423 is nearly identical to another bill, H.R. 3422, which is also the subject of this comment process. The only difference is that this bill would take effect upon the date of enactment, while the other legislation, H.R. 3422, would take effect as if included in the original 1993 law that sought to make this change. Since this legislation would force Customs to do what Congress directed in 1993, we believe the effective date of H.R. 3422 is far more appropriate. Otherwise, U.S. exporters will be denied duty drawback on U.S. exports that the law intended to cover. To prevent this unjust result, we think the best approach is for the Subcommittee to approve the H.R. 3422 version. However, this in no way diminishes our overall support for the provisions of this bill, H.R. 3423, which remains a viable alternative in the event H.R. 3422 does not gain the Subcommittee's approval.

Thank you for your attention to this issue.

Sincerely,

JONATHAN W. TAYLOR
Treasurer

GEORGIA GULF CORPORATION, PVC DIVISION HEADQUARTERS
PLAQUEMINE, LA 70765–0629
April 29, 1998

The Honorable Philip M. Crane
Chairman, Subcommittee on Trade
House Committee on Ways and Means
1102 Longworth House Office Building
Washington, D.C. 20515

RE: Comments in Support of H.R. 3423

Dear Chairman Crane:

In response to your March 26, 1998 request for comments on miscellaneous trade proposals, Georgia Gulf wishes to express our support for H.R. 3423 (Item number 73 on TR–23), introduced by Representative Sam Johnson of Texas, relating to the accounting and attribution rules for duty drawback on petroleum products.

Congress addressed this issue in detail in 1993, as part of the Customs Modernization Act [included in the NAFTA Implementation Act]. That law provided special accounting rules to allow the petroleum industry to account for selected petroleum products on a quantitative basis for purposes of filing duty drawback claims. Without that provision, in order to file certain drawback claims for product that is exported, companies like our own would have to track the actual molecules of petroleum products as they travel through a complex series of pipelines and tanks, commingled with like product from other sources. This, of course, presents an impossible accounting task that in effect would prevent us form obtaining duty drawback for exports of many petroleum products.

We and others in the industry thought the Customs Modernization Act provision settled the matter once and for all. However, there appears to be confusion by Customs on how to implement this provision. Their apparent interpretation would once again require the "tracking of molecules"—a result clearly not intended by the Customs Modernization Act. That is why H.R. 3423 is needed to clarify the original intent of the Customs Modernization Act that selected petroleum products should be tracked on a quantitative basis for purposes of substitution drawback.

H.R. 3423 is nearly identical to another bill, H.R. 3422, which is also the subject of this comment process. The only difference is that this bill would take effect upon the date of enactment, while the other legislation, H.R. 3422 would take effect as if included in the original 1993 law that sought to make this change. Since this legislation would force Customs to do what Congress directed in 1993, we believe the effective date of H.R. 3422 is far more appropriate. Otherwise, U.S. exporters will be denied duty drawback on U.S. exports that the law intended to cover. To prevent this unjust result, we think the best approach is for the Subcommittee to approve the H.R. 3422 version. However, this in no way diminishes our overall support for the provisions of this bill, H.R. 3423, which remains a viable alternative in the event H.R. 3422 does not gain the Subcommittee's approval.

Thank you for your attention to this issue.

Sincerely,

JANICE L. OWENS
Customs Administrator

JLO:dcb

GLOBAL PETROLEUM CORP.
WALTHAM, MA 02254–9161

The Honorable Philip M. Crane
Chairman, Subcommittee on Trade
House Committee on Ways and Means
1102 Longworth House Office Bldg.
Washington, DC 20515

Re: Comments in Support of H.R. 3423

Dear Chairman Crane:

In response to your March 26, 1998 request for comments on miscellaneous trade proposals, Global Petroleum Corp. wishes to express our strong support for H.R. 3423 (Item number 73 on TR–23), introduced by Representative Sam Johnson of Texas, relating to the accounting and attribution rules for duty drawback on petroleum products.

Congress addressed this issue in detail in 1993, as part of the Customs Modernization Act [included in the NAFTA Implementation Act]. That law provided special accounting rules to allow the petroleum industry to account for selected petroleum products on a quantitative basis for purposes of filing duty drawback claims. Without that provision, in order to file certain drawback claims for product that is exported, companies like our own would have to track the actual molecules of petroleum products as they travel through a complex series of pipelines and tanks commingled with like product from the sources. This, of course, presents an impossible accounting task that in effect would prevent us from us from obtaining duty drawback for exports of many petroleum products.

We and others in the industry thought the Customs Modernization Act provision settled the matter once and for all. However, there appears to be confusion by Customs on how to implement this provision. Their apparent interpretation would once again require the "tracking of molecules"—result clearly not intended by the Customs Modernization Act. That is why H.R. 3423 is needed to clarify the original intent of the Customs Modernization Act that selected petroleum products should be tracked on a quantitative basis for purposes of substitution drawback.

H.R. 3423 is nearly identical to another bill, H.R. 3422, which is also the subject of this comment process. The only difference is that this bill would take effect upon the date of enactment, while the other legislation, H.R. 3422, would take effect as if included in the original 1993 law that sought to make this change. Since this legislation would force Customs to do what Congress directed in 1993, we believe the effective date of H.R. 3422 is far more appropriate. Otherwise, U.S. exporters will be denied duty drawback on U.S. exports that the law intended to cover. To prevent this unjust result, we think the best approach is for the Subcommittee to approve the H.R. 3422 version. However, this in no way diminishes our overall support for the provisions of this bill, H.R. 3423, which remains a viable alternative in the event H.R. 3422 does not gain the Subcommittee's approval.

Thank your for your attention to this issue.

Very truly yours,

ALFRED A. SLIFKA
President

AAS/mdc

GULF COAST DRAWBACK SERVICES, INC.
KATY, TEXAS 77450
May 1, 1998

The Honorable Philip M. Crane
Chairman, Subcommittee on Trade
House Committee on Ways and Means
1102 Longworth House Office Building
Washington, D.C. 20515

RE: Comments in Support of H.R. 3423

Dear Chairman Crane:

In response to your March 26, 1998 request for comments on miscellaneous trade proposals, Gulf Coast Drawback Services, Inc. wishes to express our support for H.R. 3423 (Item number 73 on TR–23), introduced by Representative Sam Johnson of Texas, relating to the accounting and attribution rules for duty drawback on petroleum products.

Congress addressed this issue in detail in 1993, as part of the Customs Modernization Act [included in the NAFTA Implementation Act]. That law was Congress' second attempt to legislatively overturn the effects of Customs Service Decision 88–1 ("CSD 88–1). This decision created an accounting nightmare for the petroleum industry by causing companies to track the actual molecules of petroleum products as they travel through a complex series of pipelines and tanks, commingled with like product from other sources. This, of course, presents an impossible accounting task that in effect would prevent us from us from obtaining duty drawback for exports of many petroleum products.

We and others in the industry thought the Customs Modernization Act provision settled the matter once and for all. However, Customs' interpretation of 1313(p)(2)(A)(iv) would require petroleum companies to utilize the principles within CSD 88–1 for this part. This position seems to contradict Congressional intent with the passage of the Customs Modernization Act. This is why H.R. 3423 is needed to clarify the original intent of the Customs Modernization Act that selected petroleum products should be tracked on a quantitative basis for purposes of substitution drawback.

H.R. 3423 is nearly identical to another bill, H.R. 3422, which is also the subject of this comment process. The only difference is that this bill would take effect upon the date of enactment, while the other legislation, H.R. 3422, would take effect as if included in the original 1993 law that sought to make this change. Since this legislation would force Customs to do what Congress directed in 1993, we believe the effective date of H.R. 3422 is far more appropriate. Otherwise, U.S. exporters will be denied duty drawback on U.S. exports that the law intended to cover. To prevent this unjust result, we think the best approach is for the Subcommittee to approve the H.R. 3422 version. However, this in no way diminishes our overall support for the provisions of this bill, H.R. 3423, which remains a viable alternative in the event H.R. 3422 does not gain the Subcommittee's approval.

Thank you for your attention to this issue.

Sincerely,

BOBBY WAID
President

ITOCHU INTERNATIONAL INC.
HOUSTON BRANCH
April 22, 1998

The Honorable Philip M. Crane
Chairman, Subcommittee on Trade
House Committee on Ways and Means
1102 Longworth House Office Building
Washington, DC 20515

RE: Comments in Support of H.R. 3423

Dear Chairman Crane:

In response to your March 26, 1998 request for comments on miscellaneous trade proposals, ITOCHU International Inc. wishes to express our support for H.R. 3423 (Item number 73 on TR–23), introduced by Representative Sam Johnson of Texas, relating to the accounting and attribution rules for duty drawback on petroleum products.

Congress addressed this issue in detail in 1993, as part of the Customs Modernization Act [included in the NAFTA Implementation Act}. That law provided special accounting rules to allow the petroleum industry to account for selected petroleum products on a quantitative basis for purposes of filing duty drawback claims. Without that provision, in order to file certain drawback claims for products that is exported, companies like our own would have to track the actual molecules of petroleum products as they travel though a complex series of pipelines and tanks, commingled with like product from other sources. This, of course, presents an impossible accounting task that in effect would prevent us from obtaining duty drawback for exports of many petroleum products.

We and others in the industry thought the Customs Modernization Act provision settled the matter once and for all. However, there appears to be confusion by Customs on how to implement this provision. Their apparent interpretation would once again require the "tracking of molecules"—a result clearly not intended by the Customs Modernization Act. That is why H.R. 3423 is needed to clarify the original intent of the Customs Modernization Act that selected petroleum products should be tracked on a quantitative basis for purposes of substitution drawback.

H.R. 3423 is nearly identical to another bill, H.R. 3422, which is also the subject of this comment process. The only difference is that this bill would take effect upon the date of enactment, while the other legislation, H.R. 3422, would take effect as if included in the original 1993 law that sought to make this change. Since this legislation would force Customs to do what Congress directed in 1993, we believe the effective date of H.R. 3422 is far more appropriate. Otherwise, U.S. exporters will be denied duty drawback on U.S. exports that the law intended to cover. To prevent this unjust result, we think the best approach is for the Subcommittee to approve the H.R. 3422 version. However, this in no way diminishes our overall support for the provisions of this bill, H.R. 3423, which remains a viable alternative in the event H.R. 3422 does not gain the Subcommittee's approval.

Thank you for your attention to this issue.

Sincerely,

DANIEL K. MARUYAMA
Manager, Gasoline Blending

MATRIX MARINE FUELS
HOUSTON, TEXAS 77213–6907
April 24, 1998

The Honorable Philip M. Crane
Chairman, Subcommittee on Trade
House Committee on Ways and Means
1102 Longworth House Office Building
Washington, D.C. 20515

RE: Comments in Support of H.R. 3423

Dear Chairman Crane:

In response to your March 26, 1998 request for comments on miscellaneous trade proposals, Matrix Marine Fuels wishes to express our support for H.R. 3423 (Item number 73 on TR–23), introduced by Representative Sam Johnson of Texas, relating to the accounting and attribution rules for duty drawback on petroleum products.

Congress addressed this issue in detail in 1993, as part of the Customs Modernization Act [included in the NAFTA Implementation Act]. That law provided special accounting rules to allow the petroleum industry to account for selected petroleum products on a quantitative basis for purposes of filing duty drawback claims. Without that provision, in order to file certain drawback claims for product that is exported, companies like our own would have to track the actual molecules of petroleum products as they travel through a complex series of pipelines and tanks, commingled with like product from other sources. This, of course, presents an impossible accounting task that in effect would prevent us from us from obtaining duty drawback for exports of many petroleum products.

We and others in the industry thought the Customs Modernization Act provision settled the matter once and for all. However, there appears to be confusion by Customs on how to implement this provision. Their apparent interpretation would once again require the "tracking of molecules"—a result clearly not intended by the Customs Modernization Act. That is why H.R. 3423 is needed to clarify the original intent of the Customs Modernization Act that selected petroleum products should be tracked on a quantitative basis for purposes of substitution drawback.

H.R. 3423 is nearly identical to another bill, H.R. 3422, which is also the subject of this comment process. The only difference is that this bill would take effect upon the date of enactment, while the other legislation, H.R. 3422, would take effect as if included in the original 1993 law that sought to make this change. Since this legislation would force Customs to do what Congress directed in 1993, we believe the effective date of H.R. 3422 is far more appropriate. Otherwise, U.S. exporters will be denied duty drawback on U.S. exports that the law intended to cover. To prevent this unjust result, we think the best approach is for the Subcommittee to approve the H.R. 3422 version. However, this in no way diminishes our overall support for the provisions of this bill, H.R. 3423, which remains a viable alternative in the event H.R. 3422 does not gain the Subcommittee's approval.

Thank you for your attention to this issue.

Sincerely,

RON DISBRO
Executive Vice-President

NORTHVILLE INDUSTRIES CORP.
MELVILLE, NEW YORK 11747–0398
April 24, 1998

The Honorable Philip M. Crane
Chairman, Subcommittee on Trade
House Committee on Ways and Means
1102 Longworth House Office Building
Washington, D.C. 20515

RE: Comments in Support of H.R. 3423

Dear Chairman Crane:

In response to your March 26, 1998 request for comments on miscellaneous trade proposals, Northville Industries Corp. wishes to express our support for H.R. 3423 (Item number 73 on TR–23), introduced by Representative Sam Johnson of Texas, relating to the accounting and attribution rules for duty drawback on petroleum products.

Congress addressed this issue in detail in 1993, as part of the Customs Modernization Act [included in the NAFTA Implementation Act]. That law provided special accounting rules to allow the petroleum industry to account for selected petroleum products on a quantitative basis for purposes of filing duty drawback claims. Without that provision, in order to file certain drawback claims for product that is exported, companies like our own would have to track the actual molecules of petroleum products as they travel through a complex series of pipelines and tanks, commingled with like product from other sources. This, of course, presents an impossible accounting task that in effect would prevent us from obtaining duty drawback for exports of many petroleum products.

We and others in the industry thought the Customs Modernization Act provision settled the matter once and for all. However, there appears to be confusion by Customs on how to implement this provision. Their apparent interpretation would once again require the "tracking of molecules"—a result clearly not intended by the Customs Modernization Act. That is why H.R. 3423 is needed to clarify the original intent of the Customs Modernization Act that selected petroleum products should be tracked on a quantitative basis for purposes of substitution drawback.

H.R. 3423 is nearly identical to another bill, H.R. 3422, which is also the subject of this comment process. The only difference is that this bill would take effect upon the date of enactment, while the other legislation, H.R. 3422, would take effect as if included in the original 1993 law that sought to make this change. Since this legislation would force Customs to do what Congress directed in 1993, we believe the effective date of H.R. 3422 is far more appropriate. Otherwise, U.S. exporters will be denied duty drawback on U.S. exports that the law intended to cover. To prevent this unjust result, we think the best approach is for the Subcommittee to approve the H.R. 3422 version. However, this in no way diminishes our overall support for the provisions of this bill, H.R. 3423, which remains a viable alternative in the event H.R. 3422 does not gain the Subcommittee's approval.

Thank you for your attention to this issue.

Sincerely,

ELIZABETH ANN MCCONAGHY
Vice President and Assistant General Counsel

PHIBRO INC.
WESTPORT, CT 06880–6262
April 30, 1998

The Honorable Philip M. Crane
Chairman, Subcommittee on Trade
House Committee on Ways and Means
1102 Longworth House Office Building
Washington, D.C. 20515

RE: Comments in Support of H.R. 3423

Dear Chairman Crane:

In response to your March 26, 1998 request for comments on miscellaneous trade proposals, Phibro Inc. wishes to express our support for H.R. 3423 (Item number 73 on TR–23), introduced by Representative Sam Johnson of Texas, relating to the accounting and attribution rules for duty drawback on petroleum products.

Congress addressed this issue in detail in 1993, as part of the Customs Modernization Act [included in the NAFTA Implementation Act]. That law provided special accounting rules to allow the petroleum industry to account for selected petroleum products on a quantitative basis for purposes of filing duty drawback claims. Without that provision, in order to file certain drawback claims for product that is exported, companies like our own would have to track the actual molecules of petroleum products as they travel through a complex series of pipelines and tanks, commingled with like product from other sources. This, of course, presents an impossible accounting task that in effect would prevent us from obtaining duty drawback for exports of many petroleum products.

We and others in the industry thought the Customs Modernization Act provision settled the matter once and for all. However, there appears to be confusion by Customs on how to implement this provision. Their apparent interpretation would once again require the "tracking of molecules"—a result clearly not intended by the Customs Modernization Act. That is why H.R. 3423 is needed to clarify the original intent of the Customs Modernization Act tat selected petroleum products should be tracked on a quantitative basis for purposes of substitution drawback.

H.R. 3423 is nearly identical to another bill, H.R. 3422, which is also the subject of this comment process. The only difference is that this bill would take effect upon the date of enactment, while the other legislation, H.R. 3422, would take effect as if included in the original 1993 law that sought to make this change. Since this legislation would force Customs to do what Congress directed in 1993, we believe the effective date of H.R. 3422 is far more appropriate. Otherwise, U.S. exporters will be denied duty drawback on U.S. exports that the law intended to cover. To prevent this unjust result, we think the best approach is for the Subcommittee to approve the H.R. 3422 version. However, this in no way diminishes our overall support for the provisions of this bill, H.R. 3423, which remains a viable alternative in the event H.R. 3422 does not gain the Subcommittee's approval.

Thank you for your attention to this issue.

Sincerely,

MICHAEL N. CASTELLANO
Vice President and Controller

ROHM AND HAAS COMPANY
PHILADELPHIA, PA 19106–2399
April 24, 1998

The Honorable Philip M. Crane
Chairman, Subcommittee on Trade
House Committee on Ways and Means
1102 Longworth House Office Building
Washington, D.C. 20515

RE: Comments in Support of H.R. 3423

Dear Chairman Crane:

In response to your March 26, 1998 request for comments on miscellaneous trade proposals, Rohm and Haas Company wishes to express our support for H.R. 3423 (Item number 73 on TR–23), introduced by Representative Sam Johnson of Texas, relating to the accounting and attribution rules for duty drawback on petroleum products.

Congress addressed this issue in detail in 1993, as part of the Customs Modernization Act [included in the NAFTA Implementation Act]. That law provided special accounting rules to allow the petroleum industry to account for selected petroleum products on a quantitative basis for purposes of filing duty drawback claims. Without that provision, in order to file certain drawback claims for product that is exported, companies like our own would have to track the actual molecules of petroleum products as they travel through a complex series of pipelines and tanks, commingled with like product from other sources. This, of course, presents an impossible accounting task that in effect would prevent us from us from obtaining duty drawback for exports of many petroleum products.

We and others in the industry thought the Customs Modernization Act provision settled the matter once and for all. However, there appears to be confusion by Customs on how to implement this provision. Their apparent interpretation would once again require the "tracking of molecules"—a result clearly not intended by the Customs Modernization Act. That is why H.R. 3423 is needed to clarify the original intent of the Customs Modernization Act that selected petroleum products should be tracked on a quantitative basis for purposes of substitution drawback.

H.R. 3423 is nearly identical to another bill, H.R. 3422, which is also the subject of this comment process. The only difference is that this bill would take effect upon the date of enactment, while the other legislation, H.R. 3422, would take effect as if included in the original 1993 law that sought to make this change. Since this legislation would force Customs to do what Congress directed in 1993, we believe the effective date of H.R. 3422 is far more appropriate. Otherwise, U.S. exporters will be denied duty drawback on U.S. exports that the law intended to cover. To prevent this unjust result, we think the best approach is for the Subcommittee to approve the H.R. 3422 version. However, this in no way diminishes our overall support for the provisions of this bill, H.R. 3423, which remains a viable alternative in the event H.R. 3422 does not gain the Subcommittee's approval.

Thank you for your attention to this issue.

Sincerely,

JOHN P. MULRONEY
President and Chief Operating Officer

SHELL OIL COMPANY
HOUSTON, TX 77252–2463
April 30, 1998

The Honorable Philip M. Crane
Chairman, Subcommittee on Trade
House Committee on Ways and Means
1102 Longworth House Office Building
Washington, D.C. 20515

RE: Comments in Support of H.R. 3423

Dear Chairman Crane:

In response to your March 26, 1998, request for comments on miscellaneous trade proposals, Shell Oil Company wishes to express our strong support for H.R. 3423 (Item number 72 on TR–23), introduced by Representative Sam Johnson of Texas, relating to the accounting and attribution rules for duty drawback on petroleum products.

Congress addressed this issue in detail in 1993, as part of the Customs Modernization Act [included in the NAFTA Implementation Act]. that law provided special accounting rules to allow the petroleum industry to account for selected petroleum products on a quantitative basis for purposes of filing duty drawback claims. Without that provision, in order to file certain drawback claims for product that is exported, companies like our own would have to track the actual molecules of petroleum products as they travel through a complex series of pipelines and tanks, commingled with like product from other sources. This, of course, presents an impossible accounting task that in effect would prevent us from obtaining duty drawback for exports of many petroleum products.

We and others in the industry thought the Customs Modernization Act settled the matter once and for all. However, there appears to be confusion by Customs on how to implement this provision. Their apparent interpretation would once again require the "tracking of molecules"—a result clearly not intended by the Customs Modernization Act. That is why H.R. 3423 is needed to clarify the original intent of the Customs Modernization Act that selected petroleum products should be tracked on a quantitative basis for purposes of substitution drawback.

H.R. 3423 is nearly identical to another bill, H.R. 3422, which is also the subject of this comment process. The only difference is that this bill would take effect upon the date of enactment, while the other legislation, H.R. 3422, would take effect as if included in the original 1993 law that sought to make this change. Since this legislation would force Customs to do what Congress directed in 1993, we believe the effective date of H.R. 3422 is far more appropriate. Otherwise, U.S. exporters will be denied duty drawback on U.S. exports that the law intended to cover. To prevent this unjust result, we think the best approach is for the Subcommittee to approve the H.R. 3422 version. However, this in no way diminishes our overall support for the provisions of this bill, H.R. 3423, which remains a viable alternative in the event H.R. 3422 does not gain the Subcommittee's approval.

Thank you for your attention to this issue.

Sincerely,

STEPHEN E. WARD
Vice President, Government Affairs

STATOIL MARKETING & TRADING (US) INC.
STAMFORD, CT 06905
April 23, 1998

The Honorable Philip M. Crane
Chairman, Subcommittee on Trade
House Committee on Ways and Means
1102 Longworth House Office Building
Washington, D.C. 20515

Re: Comments in Support of H.R. 3423

Dear Chairman Crane:

In response to your March 26, 1998, request for comments on miscellaneous trade proposals, Statoil Marketing & Trading (US) Inc. wishes to express our strong support for H.R. 3423 (Item number 73 on TR–23), introduced by Representative Sam Johnson of Texas, relating to the accounting and attribution rules for duty drawback on petroleum products.

Congress addressed this issue in detail in 1993, as part of the Customs Modernization Act [included in the NAFTA Implementation Act]. that law provided special accounting rules to allow the petroleum industry to account for selected petroleum products on a quantitative basis for purposes of filing duty drawback claims. Without that provision, in order to file certain drawback claims for product that is exported, companies like our own would have to track the actual molecules of petroleum products as they travel through a complex series of pipelines and tanks, commingled with like product from other sources. This, of course, presents an impossible accounting task that in effect would prevent us from obtaining duty drawback for exports of many petroleum products.

We and others in the industry thought the Customs Modernization Act settled the matter once and for all. However, there appears to be confusion by Customs on how to implement this provision. Their apparent interpretation would once again require the "tracking of molecules"—a result clearly not intended by the Customs Modernization Act. That is why H.R. 3423 is needed to clarify the original intent of the Customs Modernization Act that selected petroleum products should be tracked on a quantitative basis for purposes of substitution drawback.

H.R. 3423 is nearly identical to another bill, H.R. 3422, which is also the subject of this comment process. The only difference is that this bill would take effect upon the date of enactment, while the other legislation, H.R. 3422, would take effect as if included in the original 1993 law that sought to make this change. Since this legislation would force Customs to do what Congress directed in 1993, we believe the effective date of H.R. 3422 is far more appropriate. Otherwise, U.S. exporters will be denied duty drawback on U.S. exports that the law intended to cover. To prevent this unjust result, we think the best approach is for the Subcommittee to approve the H.R. 3422 version. However, this in no way diminishes our overall support for the provisions of this bill, H.R. 3423, which remains a viable alternative in the event H.R. 3422 does not gain the Subcommittee's approval.

Thank you for your attention to this issue.

Sincerely,

JANE NAGY
Vice President, Operations/Chartering

STERLING CHEMICALS, INC.
HOUSTON, TEXAS 77002–4312

The Honorable Philip M. Crane
Chairman, Subcommittee on Trade
House Committee on Ways and Means
1102 Longworth House Office Building
Washington, D.C. 20515

RE: Comments in Support of H.R. 3423

Dear Chairman Crane:

In response to your March 26, 1998 request for comments on miscellaneous trade proposals, Sterling Chemicals, Inc. wishes to express our support for H.R. 3423 (Item number 73 on TR–23), introduced by Representative Sam Johnson of Texas, relating to the accounting and attribution rules for duty drawback on petroleum products.

Congress addressed this issue in detail in 1993, as part of the Customs Modernization Act (included in the NAFTA Implementation Act). That law provided special accounting rules to allow the petroleum industry to account for selected petroleum products on a quantitative basis for purposes of filing duty drawback claims. Without that provision, in order to file certain drawback claims for product that is exported, companies like our own would have to track the actual molecules of petroleum products as they travel through a complex series of pipelines and tanks, commingled with like product from other sources. This, of course, presents an impossible accounting task that in effect would prevent us from us obtaining duty drawback for exports of many petroleum products.

We and others in the industry thought the Customs Modernization Act provision settled the matter once and for all. However, there appears to be confusion by Customs on how to implement this provision. Their apparent interpretation would once again require the "tracking of molecules"—a result clearly not intended by the Customs Modernization Act. That is why H.R. 3423 is needed to clarify the original intent of the Customs Modernization Act that selected petroleum products should be tracked on a quantitative basis for purposes of substitution drawback.

H.R. 3423 is nearly identical to another bill, H.R. 3422, which is also the subject of this comment process. The only difference is that this bill would take effect upon the date of enactment, while the other legislation, H.R. 3422, would take effect as if included in the original 1993 law that sough to make this change. Since this legislation would force Customs to do what Congress directed in 1993, we believe the effective date of H.R. 3422 is far more appropriate. Otherwise, U.S. exporters will be denied duty drawback on U.S. exports that the law intended to cover. To prevent this unjust result, we think the best approach is for the Subcommittee to approve the H.R. 3422 version. However, this in no way diminishes our overall support for the provisions of this bill, H.R. 3423, which remains a viable alternative in the event H.R. 3422 does not gain the Subcommittee's approval.

Thank you for your attention to this issue.

Sincerely,

WILLIAM J. MAGNUSON, JR.
Tax Manager

ULTRAMAR DIAMOND SHAMROCK CORPORATION
SAN ANTONIO, TEXAS 78269–6000
April 30, 1998

The Honorable Philip M. Crane
Chairman, Subcommittee of Trade
House Committee on Ways and Means
1102 Longworth House Office Building
Washington, D.C. 20515

RE: Comments in Support of H.R. 3423

Dear Chairman Crane:

In response to your March 26, 1998 request for comments on miscellaneous trade proposals, Ultramar Diamond Shamrock wishes to express our support for H.R. 3423 (Item number 73 on TR–23), introduced by Representative Sam Johnson of Texas, relating to the accounting and attribution rules for duty drawback on petroleum products.

Congress addressed this issue in detail in 1993, as part of the Customs Modernization Act [included in the NAFTA Implementation Act]. That law provided special accounting rules to allow the petroleum industry to account for selected petroleum products on a quantitative basis for purposes of filing duty drawback claims. Without that provision, in order to file certain drawback claims for product that is exported, companies like our own would have to track the actual molecules of petroleum products as they travel through a complex series of pipelines and tanks, commingled with like product from other sources. This, of course, presents an impossible accounting task that in effect would prevent us from us obtaining duty drawback for exports of many petroleum products.

We and others in the industry thought the Customs Modernization Act provision settled the matter once and for all. However, there appears to be confusion by Customs on how to implement this provision. Their apparent interpretation would once again require the "tracking of molecules"—a result clearly not intended by the Customs Modernization Act. That is why H.R. 3423 is needed to clarify the original intent of the Customs Modernization Act that selected petroleum products should be tracked on a quantitative basis for purposes of substitution drawback.

H.R. 3423 is nearly identical to another bill, H.R. 3422, which is also the subject of this comment process. The only difference is that this bill would take effect upon the date of enactment, while the other legislation, H.R. 3422, would take effect as if included in the original 1993 law that sought to make this change. Since this legislation would force Customs to do what Congress directed in 1993, we believe the effective date of H.R. 3422 is far more appropriate. Otherwise, U.S. exporters will be denied duty drawback on U.S. exports that the law intended to cover. To prevent this unjust result, we think the best approach is for the Subcommittee to approve the H.R. 3422 version. However, this in no way diminishes our overall support for the provisions of this bill, H.R. 3423 which remains a viable alternative in the even H.R. 3422 does not gain the Subcommittee's approval.

Thank you for your attention to this issue.

Sincerely,

CHERYL K. TREVOR
Director, Corporate Income Tax

CKT:cab

VALERO REFINING COMPANY-TEXAS
CORPUS CHRISTI, TEXAS 78469–9370
April 23, 1998

The Honorable Philip M. Crane
Chairman, Subcommittee on Trade
House Committee on Ways and Means
1102 Longworth House Office Building
Washington, D.C. 20515

RE: Comments in Support of H.R. 3423

Dear Chairman Crane:

In response to your March 26, 1998 request for comments on miscellaneous trade proposals, Valero Refining Company-Texas wishes to express our support for H.R. 3423 (Item number 73 on TR–23), introduced by Representative Sam Johnson of Texas, relating to the accounting and attribution rules for duty drawback on petroleum products.

Congress addressed this issue in detail in 1993, as part of the Customs Modernization Act [included in the NAFTA Implementation Act]. That law provided special accounting rules to allow the petroleum industry to account for selected petroleum products on a quantitative basis for purposes of filing duty drawback claims. Without that provision, in order to file certain drawback claims for product that is exported, companies like our own would have to track the actual molecules of petroleum products as they travel through a complex series of pipelines and tanks, commingled with like product from other sources. This, of course, presents an impossible accounting task that in effect would prevent us from us from obtaining duty drawback for exports of many petroleum products.

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Thank you for your attention to this issue.

Sincerely,

GEORGE E. KAIN
Sr. Vice President & General Manager, Corpus Christi Refinery

H.R. 3424

To provide for reductions in duty for the chemical Rimsulfuron Technical.

No comments submitted.

H.R. 3425

To provide for reductions in duty for carbamic acid (U–9069).

No comments submitted.

H.R. 3426

To provide for reductions in duty for the chemical DPX–E9260.

No comments submitted.

H.R. 3427

To suspend temporarily the duty on the chemical DPX E6758.

No comments submitted.

H.R. 3428

To suspend temporarily the duty on a certain drug substance used as an HIV Antiviral Drug.

No comments submitted.

H.R. 3429

To suspend temporarily the duty on a certain drug substance used in the formulation of HIV Antiviral Drug.

No comments submitted.

H.R. 3430

To suspend temporarily the duty on certain polyethylene base materials.

Public Comments of K2 Corporation

H.R. 3430: Duty Suspension for Base Materials Used in the Manufacture of Skis

K2 Corporation ("K2"), a U.S. manufacturer of skis and snowboards, supports legislation to suspend U.S. customs duty on imports of a key raw material used in the production of its skis, polyethylene base materials. K2 believes the duty suspension legislation is necessary to maintain K2's competitiveness in the U.S. and global marketplace.

I. BACKGROUND: K2 IS THE PRINCIPAL EMPLOYER ON VASHON ISLAND AND PERFORMS SIGNIFICANT MANUFACTURING OPERATIONS THERE.

K2 manufactures skis and snowboards on Vashon Island, Washington. K2 employs over 700 people at its Vashon facility, which makes it the principal employer on the island. K2's employees perform all significant manufacturing processes required to produce its skis and snowboards. All K2 snowboards and virtually all K2 and Olin-brand skis sold throughout the world are individually crafted by skilled K2 technicians on Vashon Island. K2 sources most key components of its skis and snowboards from Seattle-area companies.

With respect to its skis, K2 technicians perform the following operations. First, steel edges are bent to the shape of one of several K2 ski designs. The steel edges are then attached to the other main components of the ski. These components include: (1) the ski core, which consists of several thin pieces of wood glued together, (2) layers of fiberglass mixed with resins, (3) polyethylene base material, and (4) the ski cap that encloses the core and fiberglass and binds together the base material and steel edges to form the ski. The base material and ski caps are made of polyethylene and contain graphics which are designed and applied by K2 technicians. Thereafter, the entire assembly is fitted into a press and heated to accelerate the curing process.

II. REASONS WHY THE DUTY SUSPENSION FOR BASE MATERIALS USED IN THE MANUFACTURE OF SKIS IS NEEDED

A. There Is Currently No Supplier of Base Materials in the United States that Meets K2's Requirements.

K2 currently imports all of its base materials used in the manufacture of skis. Sintered base material, known for its durability and gliding capability, is used the manufacture of skis. At the present time, and to the best of K2's knowledge, there is *no* U.S. supplier of sintered ski base material which meets K2's needs.

B. The Duty Suspension Would Increase K2's Competitiveness in the U.S. and Foreign Markets.

K2 is the only major exporter of U.S.-made skis. K2's U.S. ski exports compete with foreign-made skis such as Rossignol, Elan, Salomon and Atomic. The international ski market is characterized by significant over capacity. It is estimated that the world capacity for the manufacture of skis is 11 million pairs, whereas only 4.5 million pairs were sold worldwide in 1995.

As a result, price competition is severe.[1] Additionally, European governments are known to provide direct or indirect financial incentives to their ski manufacturers. In contrast, K2 is required to pay significant amounts in U.S. customs duties on its importations of base materials for products that it cannot source domestically.

[1] According to Ski Industries America (SIA), approximately 850,000 pairs of skis were sold in the United States during the 1995–6 season. Approximately 650,000 pairs of skis were imported during the same period.

During the 1995–6 season, the major importers of skis to the U.S. were Rossignol (160,000 pairs, France), Elan (120,000 pairs, Austria), Salomon (100,000 pairs, France) and Atomic (80,000 pairs, Austria).

The fierce level of competition in the ski industry has left K2 as the last remaining major U.S. ski manufacturer.[2]

C. The Duty Suspension Would Secure Current Jobs and Encourage Growth at K2's Vashon Facility.

The duty suspension would generate approximately $65,000 dollars in duty savings annually. K2 would like to use the savings to secure current jobs at its Vashon facility and to continue to encourage development of innovative new products.

III. CONCLUSIONS AND RECOMMENDATION

In sum, K2 is currently unable to identify a United States supplier that would satisfy its requirements of base materials. Consequently, K2 supports legislation to amend the Harmonized Tariff Schedule of the United States to suspend duty on imported base materials used in the manufacture of skis. Such duty suspension, which will account for significant customs duty savings per year, is vital to K2's continued economic competitiveness in an already tight market. Moreover, these savings will contribute significantly to K2's future growth and expansion in Vashon.

H.R. 3431

To suspend until December 31, 2002, the duty on Benzenepropanal, 4-(1,1-Dimethylethyl)-Methyl.

No comments submitted.

H.R. 3432

To amend the Tariff Act of 1930 to provide that 5-year reviews of countervailing duty or antidumping duty orders would not be conducted in certain cases in which the merchandise subject to the orders was prohibited from being imported into the United States because of trade sanctions imposed against the country in which the merchandise originates.

Statement of Karen Reinecke, President, California Pistachio Commission and Dr. Michael Woolf, President, Western Pistachio Association

The California Pistachio Commission and the Western Pistachio Association represent almost 100 percent of the U.S. pistachio industry. On behalf of our grower members, we wish to provide the following comments on H.R. 3432, a bill introduced by Congressman Bill Thomas of California, which delays any five-year or sunset review of "transition" antidumping or countervailing duty orders or Suspension Agreements during the period of time a Presidential embargo is in effect against a country that is not a member of the World Trade Organization (WTO).

We are providing comments on H.R. 3432 at this time because we note that Chairman Philip M. Crane has requested public comment on H.R. 2622, the Miscellaneous Trade and Technical Corrections Act of 1997. In light of the brief legislative schedule of the Congress this year, we respectfully request that the Subcommittee attach H.R. 3432 to this tariff legislation so that the scheduled January 1999 sunset review of the pistachio antidumping order against Iranian pistachios will be canceled and rescheduled only at such date as it is timely.

H.R. 3432 is a very narrowly drafted bill. It will affect only those countries (1) where the United States has imposed a Presidential embargo under the International Emergency Economic Powers Act or other provisions of law, and (2) which are not members of the World Trade Organization.

[2] U.S. ski manufacturers that have gone out of business in the last 10 years due to increased competition in the industry include: Century Tacoma, WA; Hexel Carson City, NV; The Ski Sun Valley, ID; Head Boulder, CO; Hart St. Paul, MN.

As a result of Section 751(c)(6) of the Tariff Act of 1930, the U.S. Department of Commerce on October 9, 1997, published in the *Federal Register* a schedule for the five-year review of transition orders (those orders in effect at the time of implementation of the Uruguay Round Agreements Act). A review of the orders listed indicates that the only transition order which would be affected by H.R. 3432 would be the antidumping order on pistachio nuts from Iran. That review is scheduled for January 1999.

The antidumping duty on pistachios from Iran was imposed on July 17, 1986. Subsequent to that date (on October 29, 1987), President Ronald Reagan issued an embargo on all products from Iran. This embargo has remained in effect, unchanged, for over ten years.

H.R. 3432 does not impact U.S. consumers and does not weaken the President's negotiating ability with the embargoed country—in fact it will strengthen the President's negotiating ability. The U.S. pistachio industry supports H.R. 3432 because our growers believe it offers a reasonable solution to an unreasonable situation.

First, neither the law nor the federal regulations implementing the law deal with antidumping (AD) or countervailing duty (CVD) orders or Suspension Agreement reviews in situations involving a Presidential embargo. Thus, in the absence of H.R. 3432 a sunset review must take place on the pistachio AD order. The pistachio industry believes there is no purpose in utilizing the time of governmental officials and the private sector in a review that will result in no change in the trade patterns between the U.S. and the foreign country, in this case Iran.

In other words, our industry does not understand the rationale for our government on the one hand to offer a foreign country the possibility of revocation of an order when our government on the other hand would still refuse to trade with the foreign country because it has imposed an embargo on trade. There are 323 other transition orders which must be reviewed in the next three years (July 1998–July 2001). It seems reasonable for the U.S. International Trade Commission (USITC) and the U.S. Department of Commerce (DOC) to focus on these orders which could make a difference in U.S. trade in the future.

Second, in the absence of this legislation, the U.S. pistachio industry will have to spend considerable sums of money to present its case to USITC and DOC during the January 1999 sunset review which could be followed by a full review later. The industry will have to respond to questions which are not applicable in embargo situations, such as the effect of revocation of the order on U.S. trade, and when requested information cannot be supplied try to explain why it is unable to provide the information in alternative forms.

Third, while it is not anticipated (because of the embargo) that the government of Iran or representatives of the Iranian pistachio growers would respond in the pistachio AD five-year review, this could be the case. In such an event, how could the information provided by the Iranian interests be verified? In this regard, the industry notes that one of the reasons the DOC International Trade Administration in 1992 issued a Rescission of Initiation of Countervailing Duty Administrative Review on roasted in-shell pistachios from Iran was because, "...verification is not likely to be possible, due to the nature of the present relationship between the United States and Iran." That statement was made on March 23, 1992, and the same relationship still exists.

Last fall a number of our pistachio growers contacted a pistachio grower organization in Iran regarding a possible visit there with pistachio growers and industry officials. While an invitation was issued to our growers, the government of Iran unfortunately refused to grant the necessary visas to visit the country. It is interesting to note, however, that an international conference our growers held later in the year in Rome was attended by several representatives of the Iranian pistachio industry. Thus, information about our industry is readily available from our private sector and from our government (the U.S. Department of Agriculture and the California Department of Food and Agriculture), but it is impossible to obtain and verify data from the pistachio industry and the government of Iran.

Lastly, as mentioned above, the embargo against Iran has been in effect for over ten years, and it is uncertain at this time when the embargo might be lifted. It would appear to be premature to consider at this time any economic information which could be gathered concerning the domestic in

dustry or the foreign industry, since such information might be significantly different at the time the embargo is lifted.

In conclusion, the pistachio industry believes that an exception should be made regarding five-year and sunset reviews where there is an embargo in effect and the country is not a member of the WTO. Only when the foreign country has agreed to abide by fair trading practices, should five-year and sunset reviews be scheduled in order to ascertain the current effects on U.S. trade. This can be accomplished only through passage of H.R. 3432.

On behalf of our domestic pistachio growers, we thank you for this opportunity to provide comment, and respectfully request that your Subcommittee approve H.R. 3432 this year so that resources, both government and private, will not have to be expended in the January 1999 sunset review of the pistachio AD order against Iran.

Statement on H.R. 3432 by the Honorable Bill Thomas

I urge passage of H.R. 3432 as soon as possible to prevent an overly broad U.S. law from wasting taxpayer funds on unnecessary "sunset reviews" of an anti-dumping orders on Iranian pistachios.

The bill narrowly amends current law so that the Department of Commerce and International Trade Commission can end plans to review cases involving exports from countries which have not signed the World Trade Organization agreement and from which exports to the U.S. are embargoed. Absent this provision, taxpayer funds will be spent reviewing an old dumping case involving Iranian pistachios under the World Trade Organization "sunset" requirements.

The "sunset" law as written will force Commerce and the International Trade Commission to investigate imports even though no trade between the U.S. and the second country is likely. The suspension of trade with Iran is a prime example of the situation H.R. 3432 will correct. As required by law, Commerce has already announced plans to review dumping duties imposed in the 1980s on Iranian pistachio nuts. There has been an embargo on U.S. trade with Iran for over ten years. As a result, there are no current data on Iranian imports or their potential effect on U.S. Commerce. The U.S. industry has not been able to obtain current data on the Iranian industry and it would be extremely difficult for the U.S. government or U.S. industry to verify any information that might be received concerning the state of the Iranian trade. Similar circumstances led the United States to eschew a similar review of a countervailing duty order on Iranian nuts in 1992. Notwithstanding the difficulty of investigating under such conditions, the law today compels Commerce and the International Trade Commission to review all antidumping orders.

While U.S. law does not require sunset reviews of countervailing duty orders pertaining to countries that have not signed the subsidies agreement, the opposite is true in dumping cases. As written, the law forces review of dumping orders even where the nations involved have not themselves signed the World Trade Organization agreement. Iran and other nations that have ignored the WTO should not be allowed to benefit from the World Trade Organization agreement until they have agreed to be bound by it.

As a result, current law will force Commerce and the International Trade Commission to waste resources reviewing a case involving a product that cannot be brought into this country regardless of the review's outcome. These same agencies already face massive burdens because the World Trade Organization "sunset" reviews on over 300 other products must be conducted during the next three years. It would be far more useful to concentrate resources where trade can be affected by the outcome of a review.

Failing to enact H.R. 3452 this year will not only waste taxpayers' funds, it will waste the U.S. industry's funds as well. U.S. industry will have to prepare as though a complete review were possible by gathering data on its conditions, hiring representation and performing other tasks needed to prepare its defense. It seems absurd to require U.S. industry and the taxpayers to pay for a review on a product that cannot be imported as long as the embargo is in effect. This is an absurdity H.R. 3452 will permit us to avoid.

H.R. 3446

To provide for the elimination of duty on Ziram.

No comments submitted.

H.R. 3452

To amend the Tariff Act of 1930 to allow the sale of certain gasoline, alternative motor fuels, and motor oil at duty-free sales enterprises.

CITY OF DETROIT EXECUTIVE OFFICE
DETROIT, MICHIGAN 48226
April 3, 1998

The Honorable Philip M. Crane
Chairman
Subcommittee on Trade
House Ways and Means Committee
1104 Longworth House Office Building
Washington, D.C. 20515

Dear Congressman Crane:

I am aware of legislation introduced by Congressman Dave Camp to allow the sale of duty-free gasoline. I have serious concerns about the adverse impact of such activity on the City of Detroit and the State of Michigan.

The most obvious and immediate problem would be the lost revenues for our streets and highways if such artificial pricing encourages drivers to refuel at duty-free stations. Such a poor public policy would permit truckers and motorists who use our road system to avoid contributing to the maintenance and upgrading of our roads and highways. This would require cuts in other parts of an already severely constrained State budget to make up for these lost revenues. Furthermore, I believe this bill would put many service stations near border crossings out of business.

Of course, the establishment of duty-free stations on the American side of the border would also probably lead to similar facilities on the Canadian side, further exacerbating the problem. These and other related issues of importance make the proposal to implement duty-free gas both ill-advised and insupportable.

With warm personal regards.

Sincerely,

DENNIS W. ARCHER
Mayor

cc: Congressman Bill Archer
Congressman Charles Rangel
Congressman Bob Matsui
Congressman Dave Camp

METRO DETROIT SERVICE STATIONS
DEARBORN, MICHIGAN 48126
April 28, 1998

The Honorable Phillip M. Crane
Chairman
Subcommittee on Trade
House Ways and Means Committee
1104 Longworth House Office Building
Washington, D.C. 20515

RE: Comments on H.R. 3452

Dear Congressman Crane:

Thank you for providing an opportunity to comment on the above referenced matter, further to your announcement on March 26, 1998.

As a preface to my comments, it is worth noting that my association was *not* consulted before H.R. 3452 was introduced. Since the impact of duty-free gasoline would be felt hardest by my members, I find this omission disturbing and therefore I very much appreciate this opportunity.

My association represents over 700 retail gasoline stations in Michigan and we are vehemently opposed to H.R. 3452. The proposed amendment which would allow the sale of duty-free gasoline is baffling because it is injurious to at least the State of Michigan, local gasoline retailers in Southeastern Michigan and would provide a federal government subsidy to encourage people to travel to Canada to spend their money.

Duty-Free Gasoline is Contrary to the Intent of the U.S. Duty-Free Program

The duty-free program is intended for people leaving the country and not returning for at least 48 hours. The goods that are purchased are readily identifiable in one's car. Duty-free gasoline is not readily identifiable and there is no way of discerning how much fuel is "duty-free." In addition, gasoline is not like other duty-free products—it is the essential commodity for automobiles and trucks (i.e., the largest variable cost of operating a vehicle) and needs to be purchased frequently.

Therefore, as one would expect, granting an entity the opportunity to sell gasoline at a 20 cent per gallon discount in the automotive capital region of the United States—Southeastern Michigan—would undoubtedly significantly influence local purchasing behavior. In addition this sale of duty-free gas would occur at the North America's busiest border crossing—Detroit/Windsor and North America's fourth busiest border crossing—Port Huron/Sarni. There is no way local gasoline retailers in the Metro Detroit/Port Huron region could compete that scenario. After purchasing duty-free gasoline Americans would be on their way to Canada and with a 45% benefit on the currency exchange, they will be shopping and spending money in Canada.

Unfair Competition to the Detriment of Local Gasoline Retailers

There is no question that duty-free gasoline sales will be an economic windfall to private shareholders at each border crossing facility participating in the duty-free gasoline program. However, what happens to the local gasoline retailers?

Is it the policy of the U.S. federal government to confer special tax privileges and exemptions to some gas station operators and not others? Our association believes that everyone should compete in fair marketplace, not a marketplace that is skewed a benefit a few, at the expense of the many.

Proliferation and Retaliation

There is no analysis as to what the impacts of bill H.R. 3452 are on the State and Federal Government treasuries if the Province of Ontario and the Canadian federal government retaliate to this initiative by allowing a duty-free gas facility on their side of the border. It would seem very likely that this should be well thought out because one can anticipate that if the American side of the Ambassador Bridge is selling duty-free gasoline then the Canadian side would want to sell duty-free gas as well. Therefore, everyone in Southeastern Michigan and Southwestern Ontario region would have the ability to purchase gasoline tax-free defeating any alleged "benefits" of attempting to have it in the first place.

Users of Our Road System Will Not be Paying For It

The cars and trucks filling up with gas at the our border crossing between Michigan and Ontario would not be contributing one penny to our road system and treasuries. Our association finds this proposition extremely unsettling and contrary to the policy of having users contribute to the road system. Our membership cannot understand why the federal government would pass a law to redirect millions of public dollars that are set aside for our road system to a few private shareholders at the expense of hard working Michiganders.

Where will the lost money be made up from? The lost money will have to made up from either spending cuts or tax increases. Perhaps the member of Congress who introduced H.R. 3452 can explain how the lost money as a direct result of H.R. 3452, will be recouped.

THE SALE OF DUTY-FREE GASOLINE WAS REJECTED BY THE GOVERNMENT OF CANADA IN MARCH 1998 AND THE CITY OF WINDSOR REFUSED TO SUPPORT THE PROPOSAL IN JANUARY 1997.

In March of 1998, the government of Canada rejected an application by the owners of the Ambassador Bridge (Detroit International Bridge Company), known in Canada as the Canadian Transit Company to sell duty-free gasoline in Canada. The Canadian Government recognized the inherent flaws in this proposal.

It is also worth noting that the City of Windsor refused to support the sale of duty-free gasoline in their community even though the proponents (CTC) claimed that their city would "gain" 24 net new jobs and that those sales would be at the expense of the Americans.

THE BENEFITS OF DUTY-FREE GAS DEPENDS ON THE TARGET AUDIENCE

It is interesting to note that the CTC alleged to Canadian officials that the "benefits" of this proposal would be at the expense of the Americans. Now it appears the "benefits" of the same proposal will now be the Americans, at the expense of the Canadians. One can only suspect that the "benefits" of this proposal are a function of the target audience.

In conclusion, for the above reasons listed, my association is vehemently opposed to H.R. 3452.

Sincerely,

ALLIE BERRY
President

cc: Senator Spencer Abraham
Congressman Bill Archer
Congressman Dave Camp
Congressman Bob Matsui
Paul Tait, Executive Director, Southeast Michigan Council of Governments

Statement of the Society of Independent Gasoline Marketers of America and the National Association of Convenience Stores Regarding H.R. 3452

In response to an invitation for comments regarding a number of proposed amendments to the United States' Tariff Schedules, the National Association of Convenience Stores ("NACS") and the Society of Independent Gasoline Marketers of America ("SIGMA") respectfully urge the Committee on Ways and Means of the United States House of Representatives ("the Committee") to reject H.R. 3452.

IDENTIFICATION OF SIGMA AND NACS

SIGMA is a national trade association comprised of approximately 260 independent marketers and chain retailers of motor fuel. SIGMA's members operate in all 50 of the States through approximately 17,000 retail motor fuel outlets and their sales constitute between 15 and 20 percent of the domestic market for motor gasoline.

NACS is comprised of approximately 2,350 retail members who operate approximately 65,000 convenience stores in the United States. NACS' members market approximately 45 percent of the motor fuel sold in the domestic market.

NACS AND SIGMA OPPOSE THE ENACTMENT OF H.R. 3452

The retail market for motor fuels is one of the most competitive markets in the United States' economy. The pervasive adoption of high-volume retail marketing has resulted in retail prices for motor fuel being at an all-time low in real terms. Consumers' price sensitivity to retail motor fuel prices requires members of SIGMA and NACS to remain competitive or lose significant market share to their competitors.

The highly price-competitive nature of the retail motor fuels market has resulted in SIGMA being one of the most out-spoken advocates of strict enforcement of the federal excise taxes on motor fuels. Simply stated, no independent marketer can compete with an entity which is not collecting and remitting the taxes imposed on motor fuels. The price advantage enjoyed by an entity not burdened by excise taxes is insurmountable. As a consequence, SIGMA and NACS oppose any proposal which would offer one set of competitors in the retail market an opportunity to avoid excise taxes and thereby obtain an inequitable and insurmountable competitive advantage.

Consumers will go to substantial lengths to avail themselves of a super-competitive price, resulting from a difference in excise taxes on gasoline or other petroleum products. Retail outlets which are located in a "tax advantaged" jurisdiction regularly render their competitors who are "just across the border" economically non-viable. Creating an opportunity to offer motor fuel and other petroleum products to consumers on a tax-exempt basis, as is proposed in H.R.3452, would spawn retail outlets along the northern and southern borders at which consumers will regularly obtain fuel without paying the mandated taxes.

NACS and SIGMA do not doubt the good intentions of H.R. 3452's sponsor. However, as a practical matter there simply would be no way to avoid significant tax evasion and competitive injury if this bill were enacted. Virtually no amount of resources would be adequate to assure that only those consumers who actually are leaving the country and will consume the fuel in question outside of the borders of the United States are allowed to take advantage of the benefit proposed in the bill.

As the sad experience of the last decade has demonstrated, evasion of motor fuel excise taxes is a highly lucrative venture which not only denies the federal and state governments the revenues to which they are entitled, but also devastates the economic viability of legitimate businesses. The Committee has overcome substantial opposition to its efforts to restructure the federal excise taxes on motor fuels to assure their collection and enforcement. SIGMA and NACS respectfully urge the Committee to avoid the enactment of H.R. 3452 which could only be counterproductive to those efforts.

NACS and SIGMA appreciate this opportunity to express their views on this matter. If any member of the Committee or its staff have any questions regarding these comments, please contact R. Timothy Columbus at (202) 342–8555.

SEMCOG, SOUTHEAST MICHIGAN COUNCIL OF GOVERNMENTS
DETROIT, MICHIGAN 48226
April 24, 1998

The Honorable Philip M. Crane
Chairman
Subcommittee on Trade
House Ways and Means Committee
1104 Longworth House Office Building
Washington, D.C. 20515

Dear Congressman Crane:

Thank you for the opportunity, announced on March 26, 1998, to comment on various technical amendments that have been proposed to facilitate the implementation of trade legislation. One of the bills listed in your subcommittee's advisory is H.R. 3452, which would allow the sale of duty-free gasoline. SEMCOG[1] has serious concerns about the adverse impact of such activity on southeastern Michigan.

First, this proposal is fiscally irresponsible. It will encourage drivers to refuel at duty-free shops, leading to fewer dollars going into the federal highway trust fund. At a time when our nation is poised to spend more money on our nation's highways, reductions in trust fund revenues seem inappropriate. In effect, H.R. 3452 would allow truckers and motorists who use our roads to avoid contributing to the maintenance of our transportation infrastructure. This would require cuts in other parts of already constrained federal and state budgets to make up for these lost revenues.

We also are concerned that enactment of H.R. 3452 would lead to the closing of many services stations near border crossings. Because current law requires that all duty-free border stores deliver their merchandise "at or beyond the [territorial] exit point [19 U.S.C. 1555(b)]," only service stations located right on the border would be able to benefit from this legislation. Clearly, service stations operating near, but not on the border, will be at a competitive disadvantage.

Finally, enactment of H.R. 3452 will likely lead to similar facilities on the Canadian side of the border. Last year, the Canadian Transit Company tried to establish a duty-free gasoline station on the Canadian Plaza of the Ambassador Bridge (which connects Windsor, Ontario and Detroit, Michigan). In response to concerns ex-

[1] SEMCOG, the Southeastern Michigan Council of Governments, is a voluntary association of local governments covering seven counties and 4.7 million people, and whose membership includes approximately 140 local units of governments.

pressed by our organization, the City of Detroit and others, the Mayor of Windsor indicated that he would block such an effort. I do not believe that we can expect such restraint from Canadian officials should H.R. 3452 become law.

In closing, it is hard to understand how any Americans, other than a handful of service station owners located on borders, would benefit from H.R. 3452. Federal and state budgets would be further stretched to make up for declining highway trust fund revenues (or critical infrastructure needs would go unmet). Service station owners in border towns would be hard hit, perhaps doubly so if Canadian officials decide to sell duty-free gasoline on the Canadian side. For these and other reasons, I believe that H.R. 3452 is misguided and inappropriate.

Again, thank you for the opportunity to comment on this important issue.

Sincerely,

PAUL TAIT
Executive Director

cc: Congressman Bill Archer
Congressman Charles Rangel
Congressman Bob Matsui
Congressman Dave Camp

H.R. 3465

To provide an exemption from certain import prohibitions.

No comments submitted.

H.R. 3477

To suspend temporarily the duty on a certain drug substance used in the formulation of HIV Antiviral Drug.

No comments submitted.

H.R. 3480

To reduce temporarily the duty on ethylene/tetrafluoroethylene copolymer (ETFE).

No comments submitted.

H.R. 3483

To provide for the liquidation or reliquidation of certain entries.

No comments submitted.

H.R. 3486

To suspend temporarily the duty on a certain chemical used in the textile industry and in water treatment.

No comments submitted.

H.R. 3487

To suspend temporarily the duty on a certain chemical used in the paper industry.

No comments submitted.

H.R. 3488

To suspend temporarily the duty on a certain chemical used in water treatment.

No comments submitted.

H.R. 3489

To suspend temporarily the duty on a certain chemical used in water treatment and beauty care products.

No comments submitted.

H.R. 3490

To suspend temporarily the duty on a certain chemical used in photography products.

No comments submitted.

H.R. 3491

To suspend temporarily the duty on a certain chemical used in peroxide stabilizer and compounding.

No comments submitted.

H.R. 3492

To suspend temporarily the duty on a certain chemical used in the textile industry.

No comments submitted.

H.R. 3501

To amend the Harmonized Tariff Schedule of the United States to change the special rate of duty on purified terephthalic acid imported from Mexico.

Statement of AlliedSignal Inc. on H.R. 3501, A Bill to Amend the Harmonized Tariff Schedule of the United States to Change the Special Rate of Duty on Purified Terephthalic Acid Imported from Mexico

AlliedSignal appreciates the opportunity to comment on H.R. 3501, legislation introduced on March 18, 1998 by Representative Bill Thomas of California. H.R. 3501 proposes to amend the Harmonized Tariff Schedule of the United States to repeal the special duty rate on purified terephthalic acid (PTA) and its salts imported from Mexico. We respectfully urge approval of this measure. Its passage would have a positive impact on the global competitiveness of the U.S. PTA-consuming polyester industry specifically, and on the U.S. economy generally.

AlliedSignal manufactures advanced technology products for the aerospace, automotive and other markets. Some of our main aerospace products are jet propulsion engines, commercial avionics such as the enhanced ground proximity warning collision-avoidance system, and small-scale power systems. Our automotive product names include Fram® filters, Autolite® sparkplugs, Prestone® car care products, and Garrett® turbochargers for passenger cars, light trucks and earth-moving equipment. We also are a leading producer of nylon and industrial fibers, specialty chemicals, and advanced materials for the electronics and electric power distribution sectors.

AlliedSignal has some 70,500 employees worldwide, approximately 50,000 of whom are in the United States. The company's principal U.S. manufacturing operations are located in Arizona, California, Missouri, Maryland, Ohio, Virginia, New Jersey, Kansas and South Carolina.

PTA is classified under subheading 2917.36.00 of the 1998 Harmonized Tariff Schedule of the United States. It is dutiable at a rate of 8.9% *ad valorem* plus 1.8 cents per kilogram of weight. This raw material is used by AlliedSignal Polymers plants in North Carolina and Virginia in the production of industrial polyester fiber for tire cord and other industrial applications such as seat belts, air bags, ropes and cordage. Other U.S. polyester producers use PTA as a basic raw material input in their production of "PET" (polyethylene terephthalate) resins, which are used in products like bottles for mineral water and carbonated soft drinks, and containers for microwave dinners, among others.

The existing high U.S. tariff on PTA, and the fact that the sole U.S. merchant supplier of this material is intensively exploiting the tariff protection, put U.S. customers in the position (as is the case in today's market dynamics) of paying significantly higher prices for PTA than our global competitors pay. This places us at a serious competitive disadvantage compared to foreign polyester producers exporting into the United States.

The sole U.S. merchant supplier of PTA, in large part by establishing substantively identical contractual relationships for 100% supply of PTA with each of its captive U.S. customers, appears on the surface to be acting responsibly. However, those same contracts have essentially provided that supplier with a guarantee of profitability irrespective of the derivative marketplace. Regrettably, AlliedSignal and the other PTA customers, highly vulnerable to the pricing behavior of a sole-source domestic supplier protected from import competition, enjoy no such guarantee. This situation clearly undermines such customers' U.S. and global competitiveness.

PTA-consuming polyester producers who are not integrated back to PTA production (i.e. those who must rely on merchant purchases) have to respond to global market dynamics of supply and demand. If we try to pass the high cost of PTA input on to our customers, they'll simply buy polyester from Asia, where polyester producers have access to PTA valued at lower cost, or somewhere else. Not being able to purchase PTA based on those same dynamics, due to the trade-distorting effect of the PTA tariff, puts the non-integrated U.S. PET manufacturer at a significant competitive disadvantage.

U.S. PET producers are bearing the full burden of our U.S. supplier's tariff-protected high prices and profits, while our foreign PET competitors are not shackled by such disadvantage. In fact, cutting finished product (PET) prices to try to defend U.S. market share while the price of our key raw material (PTA) is kept artificially high by a tariff, jeopardizes our ability to even cover production costs. This is simply unsustainable. Should this situation persist for any length of time, and restricting access to imported PTA supply options lends directly to this situation persisting, the U.S. PET industry and the U.S. economy likely would be adversely impacted.

Additionally, should the sole U.S. PTA supplier experience any event which restricts its ability to meet customer demand for PTA, again such customers are placed at a serious disadvantage. During 1997 such an event did in fact occur and our business was adversely impacted. Having viable alternative supply options could have possibly prevented or at least mitigated this counter-productive event. Such options are only "viable" if they are priced competitively, a scenario precluded by the high U.S. tariff maintained on PTA.

Further undermining our competitive position as a polyester producer and underscoring the need for PTA tariff elimination is the harmful current tariff inversion or "anomaly" in which the U.S. tariff on the raw material PTA is far higher than the U.S. tariff on the finished polyester products made from PTA. So while foreign polyester producers already benefit from paying much lower prices on the key raw material, they also reap a competitive advantage from this tariff anomaly.

In the spirit of NAFTA and in keeping with the U.S.'s strong leadership role in seeking removal worldwide of trade-distorting tariff anomalies, immediate duty elimination will remove the damaging pricing disparity for U.S. PET and allow American polyester producers and workers to compete.

Thank you again for the opportunity to comment on this important matter.

Statement by Amoco Corporation in opposition to S. 1702 and H.R. 3501 Legislation to Eliminate the Duty in Imports from Mexico of Purified Terephthalic Acid

Statement of Position

The Amoco Corporation strongly opposes any legislation that would eliminate, suspend or reduce the duties on imports of purified terephthalic acid (PTA) from Mexico. Passage of the legislation would be extremely detrimental to Amoco's production facilities in Alabama and South Carolina, and to the communities surrounding those facilities. It would also be detrimental to the facilities of Eastman Chemical, which is also opposed, in Arkansas and Tennessee, as well as those of producers of PTA feedstock in Alabama and Texas.

Legislation that would immediately eliminate the import duty on PTA from Mexico has been introduced in both the House and the Senate. The Senate bill is S. 1702, introduced by Senator John Rockefeller (D–West Virginia). Representative Bill Thomas (R–California) introduced the House counterpart, H.R. 3501. Under the North American Free Trade Agreement, which Amoco supported, PTA is currently imported from Mexico under Harmonized Tariff System heading 2917.3600 at a specific rate of 8.9 *% ad valorem* and 1.8 cents/kilogram. The NAFTA agreement provided for the elimination of the U.S. duty on PTA over a ten-year period; as a result, the duty will be gradually phased out to zero in 2003. Although the pending legislation would eliminate the duty only on imports from Mexico, this is tantamount to eliminating the duty on all imports. In 1997, Mexico accounted for more than 96% of all imports of PTA.

This legislation was introduced while the Administration was considering a petition by the Shell Oil Company, a supporter of S. 1702 and H.R. 3501, to accelerate the elimination of tariffs on PTA imported from Mexico. Amoco, along with the Eastman Chemical Company and a strong Congressional delegation, opposed Shell's petition, which was filed with the Office of the U.S. Trade Representative under the NAFTA provisions authorizing negotiation of the elimination of tariffs earlier than originally negotiated under the Agreement. (Attached are letters and statements of opposition to the elimination of the PTA tariff from Amoco, Eastman, and members of Congress.) The results of that negotiation were announced on April 29. The U.S. government did not agree to the requests of Shell and the Mexican government to accelerate the elimination of tariffs on PTA.

Background

Amoco is the world's largest producer of PTA. The company has been producing PTA in the United States since the 1980s in two production facilities in Wando, South Carolina and three facilities in Decatur, Alabama. Amoco and Eastman Chemical together account for more than 90 percent of United States production of PTA that is not considered captive production (i.e., is not used internally by the producing company for the manufacture of other products). PTA is a primary feedstock for polyethylene terephthalate (PET), which is a polyester resin used in the production of polyester fiber, polyester film, polyester-based container resins, decorative coatings and many other products.

Amoco recently made a $370 million investment in PTA production in Wando, South Carolina with the goal of serving the future U.S. demand that is forecast for the product. That plant began operation in May of 1997 with 500,000 metric tons of capacity. It is among the world's largest and most advanced plants. This investment was made with the full confidence that the specific tariff on imports of PTA from Mexico would not be eliminated before the scheduled 2003 date. Production from the plant is not now required to meet U.S. industry demands, and full utilization of the facility is not expected to occur for at least three years.

PTA—Pricing and Production Capacity

In introducing the legislation in the Senate, Senator Rockefeller argued that it was necessary for two primary reasons: there is an inadequate supply of PTA available in the United States, and the price for U.S. produced PTA is not dictated by market demands, but is the "highest in the world." As a result, he argues, the U.S. polyester industry, including Shell Chemical's polyester resin production facility in West Virginia, is at a competitive disadvantage. Amoco strongly disagrees with these three contentions.

First, there is not a shortage of PTA in the United States. On the contrary, there is an excess of PTA production capacity in the United States and Canada of 834,000 metric tons or 23 percent of U.S. and Canadian demand. Amoco estimates that Mexico has excess production capacity of 400,000 tons. In large part this is the result of a Petrotemex facility with a production capacity of 350,000 metric tons that was brought on line September 1997.

Second, in setting their prices, Amoco and Mexican producers are both driven mainly by changes in the prices of raw material, primarily Paraxylene. Due to the Asian financial crisis, prices for PTA and related products have been extremely volatile, and the duty on Mexican PTA imports has played an important part in keeping Amoco competitive. Over the past five years, U.S. prices for PTA have averaged $35 per metric ton below prices for Asian producers. Today U.S. prices are higher than those in Asia primarily because the price for Paraxylene is higher in the United States. The regional price difference alone represents $60 per ton of the PTA price difference.

Finally, indications are that the PET product industry is thriving, and the demand for PTA is expected to grow; most producers are very competitive. In the current pricing environment, U.S. and Canadian PET container resin capacity has grown 67% since 1995, or an average of 18.6 % per year. U.S. and Canadian PET container resin demand has grown 52% since 1995, or an average of 15% per year. Eastman Chemical, Wellman, Nan Ya and Hoechst Celanese have successfully started new PET resin production capacity and have sold PET resin to consumers in the United States and abroad. The fastest growth has been experienced by Wellman and Nan Ya, both of whom purchase PTA from Amoco at identical price terms to Shell. This indicates that the competitiveness of PET resin producers reflects many other factors than the price of PTA.

Arguments Against the Legislation

Given the above factors, Amoco opposes the S. 1702 and H.R. 3501 for the following reasons:

- Elimination of the tariff amounts to changing rules negotiated with our NAFTA partners in the middle of the game. S. 1702 and H.R. 3501 would amount to a statutory acceleration of the elimination of a NAFTA tariff. Under the NAFTA, which was negotiated with Congressional oversight, tariff acceleration was designed to be the result of negotiation and to be used only where there was no domestic industry objection. Amoco and Eastman Chemical both opposed the petition to accelerate the elimination of the tariff on PTA.
- This legislation would set a dangerous precedent denying the business community that predictable tariff environment that is necessary to make sound business

decisions. Amoco, like all other corporations, made its new investment under the assumption of a predictable tariff environment. Amoco appreciates that Congress is supportive of the overall duty suspension process, but feels it should only be used where there is no U.S. companies will be injured.

• The legislation would not create a level playing field, as argued by supporters. For a level playing field to be created there are a number of factors in addition to tariffs that play a part. The Mexican market for U.S. exports of PTA is virtually closed, due to the long-range (5 to 10 years) contracts that the one Mexican PTA producer currently has with most PTA consumers in that country. There is excess production capacity in Mexico and elimination of the tariff would provide the Mexican producer with an opportunity to more easily unload in the United States the PTA for which there is no Mexican demand.

• The legislation is not necessary to enhance the competitiveness of the PET resin industry. There is not an inadequate supply of PTA in the U.S. market, and current and anticipated growth of companies in the PET resin industry indicates they clearly are competitive.

• Amoco's U.S. production facilities would be severely jeopardized at PTA plants in Decatur, Alabama and Wando, South Carolina. Elimination of the tariff would result in an immediate substantial increase of lower priced imports of Mexican PTA. As is the case with all tariffs, the tariff on Mexican PTA plays an important part in the continued competitiveness of Amoco's PTA in U.S. markets. The same factors will impact Eastman Chemical's facilities in Arkansas and Tennessee.

• In addition, the domestic market for Amoco's suppliers of Paraxylene in Decatur and Texas City, Texas, would shrink, and their production would also be jeopardized.

• The effects of the anticipated decrease in demand at these facilities would be widespread:

—The jobs of at least 150 to 200 employees would be at stake

—The loss of production capacity, sales and employment would reduce federal and state tax revenues

—Upstream and downstream U.S. companies, such as chemical suppliers to local power utilities and railroads, would be injured

—Communities surrounding these facilities would have a strong, negative indirect impact

• S. 1702 and H.R. 3501 do not meet four basic ground rules for miscellaneous tariff bills. The House Ways and Means and Senate Finance Committees and the Administration judge bills for inclusion in comprehensive packages with the following conditions:

—The revenue impact is not de minimus. If imports stay at the same level they were in 1997 (approximately $7.3 million, 12.6 million kg), the estimated annual revenue loss from duties would be more than $900,000. Even with the adjustment for the loss of a tax deduction, the revenue loss would be far greater than $500,000.

—The legislation is controversial. Amoco is strongly opposed.

—The legislation would permanently eliminate the duty. The Administration is opposed to legislation that permanently eliminates any duty, preferring the suspension of duties so that the still existing Most Favored Nation tariff can be used as leverage in tariff negotiations.

—The legislation does not eliminate the duty on an MFN basis. The Administration has traditionally opposed any miscellaneous tariff legislation that would benefit only one trading partner.

Concluding Remarks

In conclusion, Amoco restates its opposition to the enactment of S. 1702, H.R. 3501 and any other legislation that would result in the elimination, suspension or reduction of duties on imports of PTA from Mexico. The legislation effectively amends NAFTA and denies Amoco and other PTA producers the predictable tariff environment necessary for sound business decisions. The repercussions for Amoco,and Eastman,, as well as their employees, suppliers and surrounding communities would be severe. In addition, the legislation does not meet the criteria for inclusion in miscellaneous tariff packages.

Amoco appreciates the opportunity to share its views and requests that the Administration, the Senate Finance Committee and the House Ways and Means Committee oppose any legislative proposals to this effect and take action in support of that position.

If you have any further questions and/or comments, please contact Bradford T. Mortimer, Business Manager, Amoco Chemicals at 630–434–6199 or Leonard B. Williams, Senior Government Relations Representative at 202–857–5308.

[BY PERMISSION OF THE CHAIRMAN]

Statement by Petrotemex, S.A. de C.V. on H.R. 2622, Miscellaneous Trade and Technical Corrections Act of 1997

Petrotemex is writing in support of H.R. 3501, which would amend the Harmonized Tariff Schedule of the United States to change the special rate of duty on purified terephthalic acid (PTA) imported from Mexico. Specifically it would amend subheading 2917.36.00 of the HTS by striking "1.8c/kg + 8.9 percent (MX)" in the special rates of duty subcolumn and inserting "MX" in the parenthetical after "J." H.R. 3501 is included in H.R. 2622.

Petrotemex S.A. de C.V. is a Mexican firm located in Monterrey, Nuevo Leon, Mexico. It is the only Mexican producer of the petrochemical terephthalic acid. The most common form of terephathalic acid sold in the U.S. market is PTA. Although the acronym PTA technically refers only to the purified form of terephthalic acid, it is used throughout these comments as a general acronym of terephthalic acid.

PTA is used mostly in the manufacture of polyester, fibers, or polyethylene terephthalate (PET). The U.S. tariff on PTA is unusually high. The most-favored-nation (MFN) rate of duty is 2.2 cents per kilogram plus 13.3 percent ad valorem, while the NAFTA duty for Mexico is currently 1.8 cents per kilogram plus 8.9 percent ad valorem. The United States is currently scheduled to eliminate its NAFTA tariff on HTS 2917.36.00 in 2003. The tariff rate is free for imports from Canada, and for imports qualifying for preferential treatment under the Caribbean Basin Economic Recovery Act, the U.S.-Israel Free Trade Agreement, the Andean Trade Preferences Act, or the U.S. Generalized System of Preferences for least-developed beneficiary countries.

Under the current U.S. tariff structure, Petrotemex is effectively shut out of the U.S. market. This limits its production, exports, and employment, and also creates hardships for a wide range of U.S. economic interests, including PTA consumers (who are restricted in their choice of suppliers) and the U.S. companies that supply Petrotemex with raw materials for its PTA production.

There are four U.S. producers of PTA, only one of which—Amoco—supplies the merchant market. Three companies (Eastman, Hoechst, and DuPont) consume their entire production of PTA internally. It is believed that Hoechst and DuPont supplement their internal production with purchases from Amoco, and that Eastman may do so as well. Amoco is the world's largest producer of PTA and is the sole American producer selling in the merchant market.

U.S. consumers of PTA are companies that produce polyester staple fiber, polyester filament, or PET. These include Shell, Wellman Fibers, Hoechst, Eastman, ICI Americas/DuPont, Allied Signal, Nan-Ya, Toloram, Sunkyong Chemical, Toray, Reemay, Unifi, UCB, and Cookson.

Because of the high tariff on PTA, which effectively blocks imports from penetrating the U.S. market, U.S. consumers of PTA are forced to purchase the vast majority of their PTA from Amoco, which can exercise monopoly-like control of the U.S. market and dictate the terms of its supply contracts with U.S. consumers. This significantly hinders the competitiveness of U.S. producers of polyester, fibers, and PET, and limits their effectiveness in the U.S. and global markets. Yet the high tariff is unnecessary protection for Amoco, whose position in the U.S. market would not be affected by Petrotemex's limited exports to the United States.

Petrotemex expects its exports to the United States to increase as the NAFTA tariff is staged down under the current NAFTA schedule. However, its exports would be considerably higher if the NAFTA tariff were eliminated immediately. This higher volume would in no way threaten Amoco's dominance of the U.S. market because these levels are far too low to have any impact on Amoco's operations. Nevertheless, the immediate elimination of the NAFTA tariff would allow Petrotemex to create some measure of competition in the U.S. market, providing U.S. consumers of PTA with an alternative to Amoco.

In its testimony to the International Trade Commission in December 1997, Amoco stated that Petrotemex's ability to export to non-U.S. markets would be significantly constrained in the immediate future and implied that, with the elimination of the U.S. NAFTA tariff, Petrotemex would seek to redirect its exports to the U.S. market. This ignores Petrotemex's long history of exporting to non-U.S. markets and its strong customer relationships in foreign markets, and also distorts Petrotemex's future plans.

Petrotemex has been exporting PTA since 1979 and has developed a strong customer base worldwide. Its exports are sent primarily to Europe, the Far East, and other Latin American countries—not to the United States. If the U.S. NAFTA duty on PTA is eliminated, we anticipate that the percentage of Petrotemex's sales in the United States would increase, but only modestly.

The immediate elimination of the United States's NAFTA tariff on PTA would allow U.S. consumers of PTA to benefit from alternate suppliers, a situation that would enhance their competitiveness in U.S. and foreign markets. In all probability, this would enable them to create more U.S. jobs and generate additional U.S. exports.

The immediate elimination of the U.S. NAFTA tariff would also allow Petrotemex to increase its production and exports to the United States by a modest amount without in any way threatening U.S. producers of PTA. In addition to creating new, high-wage jobs in Mexico—some in Petrotemex and others in Mexican suppliers and service companies—this would also benefit the many U.S. companies supplying Petrotemex with materials for its production of PTA. Elimination of Mexico's NAFTA tariff on PTA would also enhance U.S. producers' ability to compete in the growing Mexican market.

In summary, the elimination of the U.S. and Mexican NAFTA tariffs on PTA would further the process of North American economic integration that is a major objective of NAFTA. At the same time, the immediate elimination of Mexico's NAFTA tariff would create opportunities for U.S. producers of PTA and would likely increase U.S. exports to Mexico.

For these reasons, Petrotemex strongly urges passage of H.R. 2622 with H.R. 3501 included in it.

Submitted on behalf of Petrotemex S.A. de C.V. by Thomas J. Scanlon, President, Benchmarks, Inc.

Statement of Shell Oil Company on H.R. 3501, a Bill to Amend the Harmonized Tariff Schedule of the United States to Change the Special Rate of Duty on Purified Terephthalic Acid Imported from Mexico

In response to the House Ways and Means Trade Subcommittee's request dated April 26, 1998, for written comments on miscellaneous trade and tariff legislation, Shell Oil Company ("Shell") appreciates the opportunity to comment on H.R. 3501 (Item number 96 on TR–23), introduced by Representative Bill Thomas of California. H.R. 3501 would amend the Harmonized Tariff Schedule of the United States ("HTS ") to reduce to zero the special rate of duty on PTA imported from Mexico. Shell respectfully urges approval of this measure because its passage would have a positive impact on the U.S. polyester industry, encouraging growth in each trading partners' polyester industry and promoting freer trade between the U.S. and Mexico.

Shell is a purchaser/consumer of PTA and uses PTA in the manufacture of polyethylene terephthalate ("PET") resin. Shell has a single production facility in Point Pleasant, West Virginia, with annual PTA needs of nearly 600 MM/lbs. Shell employs approximately 550 personnel at the facility. Shell would benefit significantly from the elimination of the tariff on PTA.

I. Background and the Need for Legislation

The special duty rate, or the North American Free Trade Agreement ("NAFTA") tariff, allows the sole U.S. merchant market PTA producer to maintain a price for PTA in the U.S. that is significantly higher than world market prices.[1] The duty rate is currently 8.9 percent ad valorem, plus $.018 per kilogram, and will be phased out by the year 2003. PTA is the preferred raw material for polyester production, comprising nearly two-thirds the cost of polyester. As a result of the duty, the U.S. polyester industry is placed at a severe economic disadvantage in the U.S. and foreign markets compared to foreign polyester producers manufacturing polyester using significantly lower cost PTA.[2]

[1] The General Agreement on Tariffs and Trade ("GATT") also imposes a tariff on PTA imports into the U.S. The GATT tariff which is higher than the NAFTA tariff on PTA, will not be affected by H.R. 3501, and will never reach zero, unlike the NAFTA tariff. Therefore, the probability remains that the GATT tariff will always cause the price paid for U.S. PTA to be inflated by a marginal amount relative to world market prices, even upon elimination of the NAFTA tariff.

[2] The price disparity between U.S. and foreign PTA, specifically Asian PTA, is as much as $200 per metric ton, or approximately 30% higher in the U.S. than in foreign markets.

PTA is used in the manufacture of polyester products, such as polyester fibers (e.g. apparel and industrial uses), PET resins (e.g. packaging resins), and films (e.g. photographic, x-ray, Mylar, etc.). The cost of PTA as a feedstock is a primary determinate of the price of polyester since PTA is nearly two-thirds of the total cost of polyester production. Thus, the NAFTA tariff places U.S. PTA consumers, and therefore U.S. polyester manufacturers,[3] at a distinct competitive disadvantage compared to foreign manufacturers of similar or like products who pay the real, and significantly lower, world market price for PTA. Furthermore, PET imports made with lower priced PTA enter the U.S. under a low or zero tariff, creating a "tariff inversion" that jeopardizes all U.S. PET production and therefore PTA consumption as well. Elimination of the special duty rate would remove this trade-distorting tariff anomaly and create a more competitive market for PTA in the U.S. The results would be lower input costs and increased revenue for U.S. PTA consumers, fostering U.S. competitiveness in the world market and benefiting the U.S. economy through new jobs and reinvestment by the U.S. polyester industry.

The elimination, or reduction to zero, of the special rate of duty on PTA imports from Mexico is broadly supported by the relevant U.S. industry. In fact, U.S. polyester producers who consume over 90 percent of the single U.S. merchant market PTA manufacturer's U.S. production support tariff elimination for PTA.[4]

II. Overview of Benefits to the U.S. Polyester Industry

Reducing the special rate of duty to zero for PTA imported from Mexico will : (1) remove the price disparity for PTA between the U.S. and world markets, bringing U.S. PTA prices in line with world market PTA prices; (2) lead to the diversification of PTA supply in the United States, granting U.S. PTA consumers a choice of supply; (3) remove a penalty from U.S. PTA consumers who must compete with foreign PET and polyester fibers producers by reducing the cost of PTA as a feedstock; and (4) eliminate the tariff inversion between PTA and the finished product PET resin. With the growing North American market for polyester products, the sole U.S. PTA producer could easily compete to maintain its current level of U.S. PTA sales. Tariff elimination would greatly benefit U.S. PTA consumers and downstream users of products manufactured using PTA by creating a more competitive market for PTA and PET resin in the U.S., and provide long-term benefits to PTA producers.[5] Tariff elimination would provide Shell (and other PTA consumers) with access to more supply options for the purchase of PTA, eliminating the monopoly pricing that currently impedes new investment in the U.S. by the company.

III. The Need for Competitive PTA Pricing in the U.S.

The NAFTA tariff permits the single merchant market U.S. PTA supplier to sell PTA at a high price with the knowledge that an affordable alternative supply of PTA in the U.S. is not available.[6] Because of the tariff, U.S. PTA consumers find it prohibitively expensive to import PTA to meet their consumption needs. Although packaging, transportation, unloading and storage costs are factors in importing PTA, the prices paid for each are market driven and are paid by every purchaser of PTA. However, U.S. PTA consumers alone are forced to absorb the cost of the tariff. The tariff is truly an artificial price inflator that precludes U.S. PTA consumers from purchasing PTA from alternative sources. The result is a closed and noncompetitive U.S. market for PTA that is not significantly affected by supply and demand changes in the global PTA market. Therefore, competitive pricing for PTA in the U.S. market does not exist. In a free market system such as Europe, Shell and other polyester producers can negotiate favorable supply agreements with PTA producers. As long as the NAFTA tariff exists, PTA consumers will continue to be dis-

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[3] For purposes of this comment, polyester manufacturers are PTA consumers producing polyester fibers or PET resin using PTA as a feedstock.

[4] Merchant market PTA buyers supporting PTA tariff elimination include: Wellman, Inc. (Fayetteville, NC, Charlotte, NC, Darlington, SC, Pearl River, MS); UCB Chemical (North Augusta, SC, Atlanta, GA); Hoescht Celanese; Toray (North Kingstown, RI); Allied Signal (Moncure, NC, Churchill, VA); Toloram Polymers (Charlotte, NC); NanYa Plastics (Lake City, SC); Continental PET (Florence, KY).

[5] A secondary economic benefit of tariff elimination accrues to U.S. paraxylene ("PXE" or "PX") producers. PXE is a feedstock used in the production of PTA. It is expected that an increase in PTA production in Mexico will spur U.S. exports of PXE to Mexico. Therefore, as PTA imports from Mexico increase, the Mexican PTA producer will require greater amounts of PXE for PTA production.

[6] Three captive PTA producers exist in the U.S., however they consume internally 100 percent of the PTA they produce for polyester production. These captive producers *do not* participate in the U.S. merchant market for the sale of PTA.

advantaged with regard to the price paid for U.S. PTA relative to world market prices.

IV. The Need for Access to an Alternative PTA Supply Source

Maintaining the tariff *cannot be justified* because it confines U.S. PTA consumers to a single supply source, *threatening them with short supply crises* or arbitrary allocation. The tariff on PTA dramatically increases the price of PTA imports to a level that prohibits import for consumption in the U.S. merchant market. Current U.S. PTA merchant market production capacity does not demonstrate the ability to keep pace with U.S. PTA consumer merchant market demand. Because it takes nearly four years to construct a new PTA facility, it is impossible for the single merchant market producer or even captive PTA producers to meet the immediate future U.S. merchant market PTA consumer needs. U.S. PTA consumers will be forced to turn to imports to meet consumption needs, or artificially restrict production and expansion. If passed, H.R. 3501 would immediately eliminate the NAFTA tariff and provide access to more than one supply source of PTA, thus *removing the probability of harm from supply interruption or shortfalls* in U.S. PTA production. Alternative sources of PTA would be available at competitive prices, and PTA supply would be determined by market forces and driven by the consumer, not the producer as in this case.

V. Removing the Disadvantage to U.S. Polyester Producers Competing Against Imports

The cost of PTA as a feedstock in the U.S. versus foreign markets is *higher on average by the amount of the tariff or more than the amount of the tariff.* As long as the tariff remains in place, U.S. PTA consumers will not be on equal footing when competing against polyester products manufactured using PTA and imported into the U.S. The tariff on PTA increases the threat of polyester imports further displacing U.S. polyester products in the domestic market which enter under a low or zero tariff. This "tariff inversion" exposes all U.S. polyester and PET production (and therefore PTA consumption) to elimination from competition, especially as PET resin and polyester fiber imports continue to increase from Canada and Mexico.

The trend of robust growth in the U.S. and North American polyester markets is expected to continue. However, if the U.S. PET resin and polyester fiber markets remain supply driven as a result of the tariff, U.S. PTA consumers will not be able to expand polyester production capacity to meet forecasted polyester demand. Because the tariff makes PTA imports economically prohibitive, and it takes three to four years to build new PTA production capacity, any attempt at expansion by U.S. PTA consumers will be constrained by the single U.S. merchant market supplier's limited U.S. PTA production capacity during the time period in which the tariff is scheduled to be phased out. U.S. PTA consumers instead may decrease production capacity and forego sales of polyester products in the U.S. market. Indeed, foreign imports of polyester will displace U.S. market share to meet U.S. consumer needs. More importantly, U.S. jobs and revenue would be lost to foreign competition. In turn, overall expansion of the U.S. polyester industry would be limited. Immediate tariff elimination benefits all U.S. PTA consumers and the U.S. PTA producer because it would reduce the cost of PTA, thus encouraging growth in U.S. polyester production which in turn would result in an increase in PTA consumption.

VI. Conclusion

Passage of H.R. 3501 would reduce to zero the NAFTA PTA tariff: (1) leading to the diversification of U.S. PTA supply and removal of the higher price charged for PTA in the U.S. compared to world markets; (2) allowing U.S. PTA consumers to be more competitive in both domestic and foreign markets with foreign manufacturers of ("PET") resin and polyester fibers; and (3) fostering growth in U.S. employment and new investment in PTA, polyester fibers, and PET resin markets. Immediate tariff elimination will allow the U.S. PTA industry, producers and consumers alike, to be proactive with respect to entering into and competing in the global marketplace.

Shell strongly supports free trade, and the elimination of the tariff on PTA is consistent with the goals and objectives of the NAFTA, which the United States Government entered into to enhance growth and economic opportunities for U.S. business and labor. Reducing the NAFTA PTA tariff to zero would provide a launching pad for the U.S. polyester industry to enter the global market, and for U.S. PTA consumers to have equal access to market opportunities (i.e., competitive pricing for PTA) that exist outside of the closed market maintained by the tariff. As this Congress, and the Administration, continue to press forward and integrate the U.S. market with markets in Latin and South America through free trade agreements such as the Free Trade Area of the Americas ("FTAA"), U.S. industry's ability to compete on a level playing field in the global marketplace must be adequately addressed. The viability of U.S. industries, including fibers, textiles and packaging, depends upon the ability to compete with the rest of the world.

We appreciate your consideration of our comments and we hope the Subcommittee will act favorably on this legislation at the earliest opportunity.

Respectfully submitted,

STEPHEN E. WARD
Vice President Government Affairs

cc: Leo Webb, U.S. International Trade Commission

Statement of the Honorable Bill Thomas on H.R. 3501

H.R. 3501 proposes the immediate elimination of U.S. tariffs on purified terephthalic acid (PTA) from Mexico. While the U.S. will remove its tariff on Mexican PTA in 2003, the immediate elimination of this tariff is important to the preservation of over 6,300 American jobs.

PTA is a feedstock used in the manufacture of polyester products. PTA represents at least 86% of the cost of polyester resin. U.S. law presently imposes duties of 11% to 12% on the product—an 8.9% ad valorem duty plus a specific duty of 1.8 cents per kilogram. As tariffs on PTA keep U.S. prices for the feedstock above world prices, U.S. manufacturers of polyester products are placed at a competitive disadvantage with respect to Asian goods of 5 cents per pound. In contrast, the U.S. places only low or no tariffs on imported polyester products.

The tariff inversion thus leaves U.S. producers of polyester goods and the thousands of workers they employ vulnerable to foreign competition. At least one U.S. manufacturer of polyester goods believes it could be forced to stop manufacutring in the U.S. prior to 2003 unless feedstock tariffs are reduced. To avoid the resulting loss of jobs, the tariff on Mexican PTA should be eliminated now to give American polyester resin producers a competitive source of feedstock.

Statement of Wellman, Inc. on H.R. 3501, A Bill to Amend the Harmonized Tariff Schedule of the United States to Change the Special Rate of Duty on Purified Terephthalic Acid Imported from Mexico

In response to the House Ways and Means Trade Subcommittee's request dated April 26, 1998, for written comments on miscellaneous trade and tariff legislation, Wellman, Inc. ("Wellman") appreciates the opportunity to comment on H.R. 3501 (Item number 96 on TR–23), introduced by Representative Bill Thomas of California. H.R. 3501 would amend the Harmonized Tariff Schedule of the United States ("HTS") to reduce to zero the special rate of duty on PTA imported from Mexico. Wellman respectfully urges approval of this measure because it would have a positive impact on the U.S. polyester industry, encouraging growth in each trading partners' polyester industry and promoting freer trade between the U.S. and Mexico.

Wellman has U.S. facilities Darlington, S.C. (Palmetto Plant), and Fayetteville, N.C., that use PTA in the manufacturing of polyester fibers and PET resin. Wellman employs over 1,100 workers for its polyester production. The company is currently in the process of constructing a new facility in Pearl River, Mississippi, for the production of polyester fibers and PET resin, which will increase employment by at least 250 workers. Once the facility goes on-line in the fourth quarter of 1998, Wellman will be the largest purchaser of PTA in the U.S. market. The company in 1996 had total net sales of products manufactured using PTA in the amount of $610.0 million. Wellman would benefit significantly from the elimination of the tariff on PTA.

I. BACKGROUND AND THE NEED FOR LEGISLATION

To the detriment of U.S. polyester producers, the special duty rate (i.e., the North American Free Trade Agreement ("NAFTA") tariff) allows the sole U.S. merchant market PTA producer to maintain a price for PTA in the U.S. that is significantly higher than world market prices.[1] The duty rate is currently 8.9 percent ad valorem, plus $.018 per kilogram, and will be phased out by the year 2003. PTA is the preferred raw material for polyester production, comprising nearly two-thirds the cost of polyester. PTA is used in the manufacturer of polyester products, such as polyester fibers (e.g. apparel and industrial uses), PET resins (e.g. packaging resins), and films (e.g. photographic, x-ray, Mylar, etc.). The cost of PTA as a feedstock is a primary determinant of the price of polyester since PTA is nearly two-thirds of the total cost of polyester production.

The duty on PTA imports from Mexico places U.S. polyester producers, or PTA consumers, at a severe competitive disadvantage compared to foreign polyester producers.[2] Passage of H.R. 3501 and repeal of the duty will bring U.S. PTA prices in line with world market prices, and lead to the diversification of U.S. PTA supply which will allow for continued growth in the U.S. polyester industry. Presently, the sole merchant market U.S. producer, Amoco, keeps its U.S. PTA price marginally below the price of Mexican PTA if imported under the current NAFTA tariff structure. The tariff, therefore, works to prohibit the importation of PTA from Mexico, resulting in a non-competitive U.S. market for the pricing of PTA. As long as the tariff exists, PTA consumers will continue to be disadvantaged with regard to the price paid for U.S. PTA relative to world market prices.

The elimination (i.e., reduction to zero) of the special rate of duty on PTA imports from Mexico is broadly supported by the relevant U.S. industry. In fact, U.S. polyester producers who consume over 90 percent of the single U.S. merchant market PTA manufacturer's U.S. production support tariff elimination for PTA.[3]

II. Overview of Benefits to the U.S. Polyester Industry

Reducing the special rate of duty to zero for PTA imported from Mexico will: (1) eliminate the price disparity for PTA between the U.S. and world markets; (2) remove the threat of a short supply situation for PTA by providing Wellman (and other PTA consumers) with access to more supply options for the purchase of PTA; (3) eliminate the monopoly market that currently impedes new investment in the U.S. by domestic polyester producers; and (4) eliminate the tariff inversion between PTA and the finished product PET resin. Passage of H.R. 3501 would greatly benefit U.S. PTA consumers and downstream users of products manufactured using PTA by creating a more competitive market for PTA and polyester products in the U.S., and providing long-term benefits to polyester producers.[4] Wellman believes that the single U.S. PTA merchant market producer's only *potential* losses would stem from the advantage it currently realizes from anti-competitive pricing policies. Such losses, however, are insignificant compared to the adverse impact upon U.S. polyester producers and workers if the tariff is maintained.

III. The Duty Threatens the U.S. Polyester Industry with Short Supply Situations

Supported by the duty on Mexican PTA imports, a single supply source for U.S. PTA does not guarantee adequate PTA supply now or in the future, and *threatens U.S. PTA consumers with short supply situations*. By 1999, it is forecasted that U.S. merchant capacity to consume PTA will exceed Amoco's PTA production capacity, and Amoco will be unable to meet that merchant market demand.

Supported by the tariff, Amoco is exposing its U.S. customer base to potential short supply problems that can cap both the ability to meet current U.S. polyester demand, and growth in the U.S. polyester market. Amoco has had difficulty provid-

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[1] The General Agreement on Tariffs and Trade ("GATT") also imposes a tariff on PTA imports into the U.S. The GATT which tariff is higher than the NAFTA tariff on PTA, will not be affected by H.R. 3501, and will never reach zero, unlike the NAFTA tariff. Therefore, the probability remains that the GATT tariff will always cause the price paid for U.S. PTA to be inflated by a marginal amount relative to world market prices, even upon elimination of the NAFTA tariff.

[2] The price disparity between U.S. and foreign PTA, specifically Asian PTA, is as much as $200, or 30 percent, per metric ton.

[3] Merchant market PTA buyers supporting PTA tariff elimination include: Shell Oil Company (Point Pleasant, WV); UCB Chemical (North Augusta, SC, Atlanta, GA); Hoescht Celanese; Toray (North Kingstown, RI); Allied Signal (Moncure, NC, Churchill, VA); Toloram Polymers (Charlotte, NC); NanYa Plastics (Lake City, SC); Continental PET (Florence, KY).

[4] A secondary economic benefit of tariff elimination accrues to U.S. paraxylene ("PXE" or "PX") producers. PXE is a feedstock used in the production of PTA. It is expected that an increase in PTA production in Mexico will spur U.S. exports of PXE to Mexico. Therefore, as PTA imports from Mexico increase, the Mexican PTA producer will require greater amounts of PXE for PTA production.

ing a stable supply of PTA to U.S. PTA consumers placing them in unhealthy economic situations, exacerbated by the tariff making imports economically prohibitive. For example, in 1996 Amoco invoked the Force Majeure clause in its contracts with U.S. customers due to a plant equipment problem causing Amoco to limit the amount of PTA supplied to its U.S. customers. At the same time, Amoco over-committed U.S. exports of PTA, which caused U.S. PTA consumers to make unorthodox scheduling changes in their PTA consumption. U.S. PTA consumers could not acquire the PTA needed to supplement this shortfall due to the tariff making PTA imports unaffordable. Furthermore, because it takes nearly three years to construct a new PTA facility, it is unlikely that Amoco or even captive PTA producers—if they desire—could meet the immediate future U.S. merchant market polyester producers' needs. U.S. PTA consumers could be forced to turn to imports to meet consumption needs, or more likely would reduce capacity utilization during the next five years (i.e., the time period in which the tariff is scheduled to be phased out).

U.S. polyester producers do have a security of supply problem and imported PTA is required to meet total U.S. PTA demand. Supply should not be determined by the producer as in this case, but should be driven by the consumer. U.S. PTA consumers cannot continue to operate, and certainly cannot compete in the global market, under a single supply source condition. *In an open market without the tariff, U.S. PTA consumers would have access to other sources of PTA and would not be placed in the precarious situation of no supply or short supply of PTA.*

IV. THE DUTY SUSTAINS A "MONOPOLISTIC" MARKET FOR PTA

The tariff should not be maintained because it unjustifiably confines Wellman, and other U.S. PTA consumers, to Amoco as the single U.S. PTA supplier. In order to understand the monopolistic situation in today's U.S. PTA market, and how the monopoly is held in place by the NAFTA tariff, both the history of PTA production and the technology barriers that exist for potential new entrants must be understood. PTA technology was commercially introduced in the 1960's by Amoco as a lower cost alternative to di-methyl terephthalate ("DMT") for producing polyester. While under patent protection, Amoco licensed this technology to a very few select companies.[5] As a result, the PTA technology is very closely held today. Of those select parties to whom Amoco did grant a license, Amoco customarily required the other party to provide Amoco with some controlling interest in that company. In fact, Amoco is a minority shareholder of Petrotemex, a position Amoco has enjoyed since it licensed the technology to Petrotemex in the late 1980's that allowed Petrotemex to build its initial Mexican PTA production facility. Wellman believes that these controlling interests in other PTA manufacturers allowed Amoco to restrict the expansion of PTA in the U.S. market.

In addition to the technology and licensing barrier, Amoco also has the ability to control the PTA market through: its backward integration into PTA's primary feedstock, paraxylene; its low cost position for the production of PTA; and its long-term customer contracts. If another company chose to enter the merchant PTA market, Amoco could temporarily lower prices in its PTA business and eliminate any return on investment the new entrant might have enjoyed. Amoco, on the other hand, would still receive adequate returns via its paraxylene position and the fact that its low cost of production allows Amoco to earn returns that are much higher than the rest of the polyester product chain. Furthermore, a potential merchant seller of PTA in the U.S. would have to time any expansion in the market so as to have the opportunity to sell product to Amoco's customers when they are renewing their contract with Amoco. A new entrant that starts a facility in the middle of one of Amoco's five year contracts would be unable to compete due to the fact that the primary customers would be under a long-term contract and obligated to buy PTA only from Amoco. With at least a three year time frame to construct a new PTA facility, such timing certainly constrains new market entrants.[6] Downstream polyester producers, those who are backwards integrated for PTA, do not sell PTA to the U.S. merchant market because they currently achieve more than acceptable returns, due to the umbrella which the Amoco fixed formula provides, and are advantaged over their competitors—Amoco's customers. Tariff elimination is necessary to provide competitive pricing and additional sources of PTA for the U.S. market.

[5] To Wellman's knowledge, Amoco held a seventeen year patent on PTA technology.

[6] It would be very difficult for any company to explain to its shareholders that they had invested over $300 million dollars and three years of construction to receive an inadequate return due to a single company's short-term pricing tactics.

V. THE DUTY DISADVANTAGES U.S. POLYESTER PRODUCERS, LIMITING FUTURE GROWTH

By reducing the special duty rate on Mexican PTA imports to zero, U.S. PTA consumers will be able to compete with foreign polyester fiber and PET resin producers exporting the final product to the U.S., and could experience increased growth and reinvestment within the industry. As long as the tariff remains in place, the cost of PTA as a feedstock in the U.S. versus foreign markets will remain higher on average by the amount of the tariff or more than the amount of the tariff due to lack of competition in U.S. PTA market. Furthermore, U.S. PTA consumers will not be on equal footing when competing against imports of similar or like products manufactured using PTA. Lower PTA prices, cheaper labor costs, and currency devaluation, even when combined with transportation costs, provide foreign polyester producers a significant cost advantage with respect to pricing of the final polyester product. PET resin and polyester fiber imports continue to increase from Canada, Mexico and other countries. Yet, PET resin and polyester fiber imports have very little or no duty and are relatively inexpensive to ship due their bulk form, while PTA has a very high tariff and a significant freight cost due to its powder form. This situation creates a tariff inversion, favoring the importation of PET resin and polyester fibers as final products over the U.S. production of those products using PTA. Passage of H.R. 3501 will remove the tariff inversion and allow U.S. polyester producers to compete on a level playing field with foreign polyester producers.

PET resin market growth has been strong, as much as 22 percent in 1997, as has the growth of the polyester fibers market. If the PET market grows due to technology advances and market development of PET for beer and wine applications, and the polyester fiber market continues to grow as it has under the NAFTA, equipment utilization in the polyester industry will be very high and there will not be enough PTA to meet demand. Amoco's eight percent growth forecast in these markets is too conservative. However, the special duty rate on Mexican PTA will remain in place for the next five years. At this important juncture in market growth and demand for polyester products, additional supply sources and competitive pricing for PTA are *crucial* to the viability of the U.S. polyester industry.

VI. CONCLUSION

Passage of H.R. 3501 would reduce to zero the NAFTA PTA tariff: (1) leading to the diversification of U.S. PTA supply and removal of the higher price charged for PTA in the U.S. compared to world markets; (2) allowing U.S. PTA consumers to be more competitive in both domestic and foreign markets with foreign manufacturers of ("PET") resin and polyester fibers; and (3) fostering growth in U.S. employment and new investment in PTA, polyester fibers, and PET resin markets. Tariff elimination will allow the U.S. PTA industry, producers and consumers alike, to be proactive with respect to entering into and competing in the global marketplace.

Wellman strongly supports free trade, and the elimination of the tariff on PTA is consistent with the goals and objectives of the NAFTA. Reducing the NAFTA PTA tariff to zero would provide a launching pad for the U.S. polyester industry to enter the global market, and for U.S. PTA consumers to have equal access to market opportunities (i.e., competitive pricing for PTA) that exist outside of the closed market maintained by the tariff. As this Congress continues to press forward and integrate the U.S. market with foreign markets through free trade agreements such as the Free Trade Area of the Americas ("FTAA"), barriers to trade must be eliminated in order that U.S. industry can to compete on a level playing field with foreign industry in the global marketplace. The viability of U.S. industries, including fibers, textiles and packaging, depends upon the ability to compete with the rest of the world.

We appreciate your consideration of our comments and we hope the Subcommittee will act favorably on this legislation at the earliest opportunity.

Respectfully submitted,

MR. MARC C. HEBERT, BRACEWELL & PATTERSON, L.L.P.
Counsel for Wellman, Inc.

cc: Mr. Leo Webb, U.S. International Trade Commission

H.R. 3507

To suspend until December 31, 2001, the duty on certain electrical transformers for use in the manufacture of audio systems.

INTERNATIONAL BUSINESS-GOVERNMENT COUNSELLORS, INC.
WASHINGTON, D.C. 20006–2702
May 4, 1998

A.L. Singleton
Chief of Staff
Committee on Ways and Means
U.S. House of Representatives
1102 Longworth House Office Building
Washington, DC 20515

RE: Advisory No. TR–23: Comments in Support of H.R. 3507, H.R. 3508 and H.R. 3509

Dear Mr. Singleton:

I am writing this letter on behalf of the Bose Corporation to express their strong support for H.R. 3507, H.R. 3508 and H.R. 3509 and to urge the Committee to include these bills in any miscellaneous tariff package it is considering. These comments are submitted in response to the Subcommittee on Trade's Advisory No. 23, dated March 26, 1998.

Bose manufactures loudspeakers and other audio products at its primary production facility in Columbia, South Carolina, which employs 1,000 local residents. The plant has only been in operation for two years, but has doubled in size and Bose is very optimistic about its future. Bose also has U.S. manufacturing facilities in Michigan and Massachusetts.

The three bills Bose supports were introduced by Representative Floyd Spence:

- *H.R. 3507*, which would amend subchapter II of chapter 99 of the HTS by inserting a new heading for certain electrical transformers having a power handling capacity less than 1 kVA for use in the manufacture of audio systems (provided for in Harmonized Tariff Schedule subheading 8504.31.40) as duty free through December 31, 2001.
- *H.R. 3508*, which would amend subchapter II of chapter 99 of the HTS by inserting a new heading for loudspeakers not mounted in their enclosures (provided for in subheading 8518.29.80) as duty free through December 31, 2001.
- *H.R. 3509*, which would amend subchapter II of chapter 99 of the HTS by inserting a new heading for parts used in the manufacture of loudspeakers (provided for in subheading 8518.90.80) as duty free through December 31, 2001.

Companion legislation has been introduced by Senator Strom Thurmond in the Senate: S. 1852, S. 1853, and S. 1854.

The products covered by the legislation are ones which Bose must of necessity import from overseas. As a corporation, Bose makes every effort to purchase parts in the United States, but that is frequently not possible. Enactment of the duty suspension would help make the products of Bose and other loudspeaker manufacturers more competitive in the United States and in foreign markets. Separately, Bose is working to have these products incorporated in the Information Technology Agreement II, now being negotiated in the World Trade Organization.

I thank you very much for this opportunity to submit Bose' views and look forward to working with the Committee. If the Ways and Means staff or members have any questions regarding the legislation, please feel free to contact either myself or Donald F. Cameron, Manager, Corporate Logistics, Bose Corporation, Framingham, MA, (508) 879–7330.

Best Regards,
Sincerely,

JANET L. HUNTER
Vice President

H.R. 3508

To suspend until December 31, 2001, the duty on loudspeakers not mounted in their enclosures.

see Bose Corporation under H.R. 3507

H.R. 3509

To suspend until December 31, 2001, the duty on parts for use in the manufacture of loudspeakers.

see Bose Corporation under H.R. 3507